

EVENING SITTING

COMMITTEE OF FINANCE

Consolidated Fund Expenditure
Energy and Mines
Vote 23

Item 1

Mr. Britton: — Mr. Chairman, Mr. Minister, could I ask you a few questions regarding the Saskatchewan Energy Conservation and Development Institute? Was there a cost associated with the request by the Minister of Energy and Mines that Kilborn (Western) Inc. provide advice to the minister on the mandate, functions, responsibilities, and organizational structure of the institute?

The Chair: — Order, order.

Hon. Mr. Penner: — Mr. Chairman, we were just looking for some of this information and we have it here. The cost involved with Kilborn was a contract cost and the contract called for \$33,450 for the work that Kilborn engineering did for the Department of Energy and Mines, and I wonder if the member has a copy of the Kilborn report. If the member does not have a copy of the Kilborn report I'd be happy to table one for him, then they could read the contents which indicate the mandate. And all the other questions I think he asked would be found in this report. Did you want the report?

Mr. Britton: — Mr. Chairman, Mr. Minister, I wouldn't mind having the report, but I believe I'd like to have some of the answers read into the record. Now I understand that you did have a cost, and I would appreciate detailed information of the total cost of that survey.

Hon. Mr. Penner: — Mr. Chairman, the costs of 33,450, as I gave the member just a minute ago, there was the contractor's labour costs, the costs that he had incurred with the people that he employed from his office and used to do the analysis, was 29,450. The travel and sustenance estimates was \$2,000 and the estimated total office expense was \$2,000. And if you add those three numbers up, you'll get the \$33,450. That's the only breakdown we have; we have no breakdown as to how his labour costs were broken down. These were the labour costs in his office incurred by his staff.

Mr. Britton: — Mr. Chairman, Mr. Minister, could you tell me at what stage of development that the institute is at now?

Hon. Mr. Penner: — Mr. Chairman, I would be pleased to update the member on the state of the Authority — I'll make that correction right now, it's called an Authority — the state of the Authority right now is that the government has appointed three board members at this stage. This was an initial appointment. We are suggesting that there be five board members and that the other two be appointed at a time when the three board members can get together and make some recommendations of who they think would be a suitable board member for the Authority.

The Authority at this stage has located its office in the Saskatchewan Research Council building. They have a small office there with a telephone and address that people can contact them. The SRC (Saskatchewan Research Council) has kindly provided us with the telephone and the services of a receptionist who will take the calls at this point.

The three board members have begun a search for a chief executive officer for the Authority and we have no specific time line on this. We've been advertising and I guess it depends on the kinds of applications we get as to how soon we close the period of time in which we will accept applications. But we will be appointing two more board members, I suspect, within the next few months, and hopefully we'll have a chief executive officer in place who then will take charge of the office and hire the rest of the staff that is required for the Authority.

The other thing that we have done so far, Mr. Chairman, is that the three board members have been doing some speaking engagements, particularly in Saskatoon, with local service clubs and other organizations that are interested in hearing what the Authority will do. They've been doing a little bit of publicity work and they're also thinking of doing some work on school fairs and other things — but these are all very preliminary at this stage — but the three board members have been doing some thinking about where we should go. I suggest that in a month or two we'll be having some more information and I would be happy to talk to the member opposite when we have that further information and keep him fully updated as to where we're at.

Mr. Britton: — Mr. Chairman, Mr. Minister, do I take it then from what you said that there will be a total of five board members?

Hon. Mr. Penner: — Yes, that is our anticipated — Mr. Chairman, that's our anticipated — number at this time. However, we're not limiting them to five. If they see that it's necessary to have additional board members in order to get different types of expertise on the board, we're not going to stand in their way to go another board member or even another two. We've tentatively set an upper limit of seven, but we'd like to start with five and see how the Authority works before we expand it to seven members.

Mr. Britton: — Thank you, Mr. Chairman, Mr. Minister. Does that include the CEO (chief executive officer)?

Hon. Mr. Penner: — Mr. Chairman, no. The CEO would be above the five board members and the CEO would then hire staff to staff the office and some of them could probably be researchers and obviously we need some stenographic help, some secretarial services, and the CEO would be responsible to hire the staff that would look after the office.

Mr. Britton: — Then, Mr. Minister, could you tell me how many in total that you think will be hired?

Hon. Mr. Penner: — Mr. Chairman, initially we anticipate that we might have five or six on the initial

stages. We're not setting a specific number right now as to the total because we're not sure just how much work this Authority is going to get, how much work they're going to be able to do, so we're leaving that fairly open for them at this point. I think the budget will somewhat dictate to them as to the number of staff that they can engage to function in the Authority.

Mr. Britton: — Mr. Chairman, Mr. Minister, would you provide the names and qualifications, salaries, job titles and the job descriptions of those that you have on staff?

Hon. Mr. Penner: — Mr. Chairman, it would take a long time to read all this in the record. I don't think the member wants it all, but I will give you sort of a summary of the people that we have at this point. I want to make it very clear that these are board members. These are not employees of the Authority. These are board members and board members will be paid on a per diem basis, and the per diem basis is the same as other board members that work for government agencies.

The chairman of the board is Dennis W. Johnson and Dennis Johnson . . . and I have a whole page and I don't think he wants me to read this whole page, but I'd be happy to share this with you at some time if you would like to have all his qualifications. But he is a professional engineer, and he is head of Pakwa Engineering in Saskatoon. And I don't even have a quick summary here that I can give you, but his credentials are impeccable, and is well known in the Saskatoon business community. So he's the chairman of the board.

The second member of the board is Robert Walter Besant, who is a university professor on the University of Saskatchewan, and obviously holds many degrees and is well qualified to sit on a board like this. And again, I have a whole page of qualifications and boards and services that he has rendered to the people of Canada. And I'd be also prepared to share that with you.

The third member of the board is Ann Coxworth. Ann Coxworth has a master's degree from the University of California. She lives in Saskatoon. She is not employed as a professor now, but she has done some lecturing at the university, and works very closely with the environmental network of Saskatchewan, and is well qualified to serve on a board such as this.

Mr. Britton: — Mr. Chairman, Mr. Minister, do you have no qualms about Ms. Crawford as an environmentalist? You don't think that . . . Do you think that there will be no conflict there . . . or personal?

Hon. Mr. Penner: — Mr. Chairman, the answer to that is no. I have no qualms at all. Maybe I should elaborate a little more. We tried to get a balance on this board. We tried to get a business person, and Dennis Johnson is the business person. He is president of Pakwa Engineering and has a lot of business experience as a professional engineer, and is an independent entrepreneur in Saskatoon in Saskatchewan.

Robert Besant is a university professor. Some people would say he's an academic. Well that's a fair term. This man is an academic, has done research in the area that we

think that we need some expertise on the board.

Ann Coxworth is an environmentalist. And I think to get the proper balance, we needed those three people; a business man, entrepreneur; an academic, and we needed an environmentalist. Now we've left it open for two more board members, and these three people can choose board members that have the expertise that they think may be lacking. But this government is very concerned that we are environmentally safe and environmentally conscious in everything we do, and therefore we think that Ann Coxworth is a very well-suited and qualified person to serve as a board member on this Authority.

Mr. Britton: — Mr. Chairman, Mr. Minister, I don't think I would argue her qualifications in her field, but she is well-known as an anti-nuclear person. And how do you think that's going to work when this board is supposed to develop all types of energy, including nuclear? They're supposed to look at it and she is definitely against that form of energy. How do you reconcile that with the statement you just made now?

(1915)

Hon. Mr. Penner: — Well, Mr. Chairman, I indicated to the member opposite that we wanted to create a balance on this board, and Ann Coxworth represents one aspect of this balance. And as one member of a board of five, I would feel that it might be of assistance to the other board members if one of those persons took the other point of view. It wouldn't really serve us very well in Saskatchewan if all five board members thought alike and moved in the same direction. I think it's very important that on a board such as this, that is supposed to evaluate the electrical options, that you have people that have a balanced view of the issues that face the people of Saskatchewan.

Mr. Britton: — Mr. Chairman, Mr. Minister, could you tell me under what budget constraints you have this Authority under?

Hon. Mr. Penner: — Yes, Mr. Chairman. In the first year when we were just setting up the Authority, we have established a budget at a maximum of a million dollars in the first year. This is part of the Energy and Mines budget. In future years we will establish budgets in the same manner as we do other budgets. The board members and the CEO will come before Treasury Board and make a presentation to Treasury Board regarding their budget requirements.

In the Kilborn report, if you read the Kilborn report, I think you will find that he recommends a budget of somewhere in the neighbourhood of \$2 million for the Authority on a full-year basis. So for this year, we have a start-up — and we'll probably be in it six or seven months this year — of a million dollars, and after that they will have to come, as I said, to Treasury Board on the same basis as all other Treasury Board Crowns will have to come to justify their budget before the Treasury Board.

Mr. Britton: — Thank you, Mr. Chairman, Mr. Minister. Is this institute — Authority . . . the new name, I guess, is

Authority; cost us quite a bit of money to change the name — is that associated with what we call the new energy authority? Is that it?

Hon. Mr. Penner: — Mr. Chairman, I'm not absolutely sure what the member's referring to, but as far as our department is concerned, we have only one energy Authority, and that's this one: the Saskatchewan Energy Conservation and Development Authority. If he's referring to some other authority, that would not rest in our department, and I would not be prepared to comment on it.

Mr. Britton: — Am I to understand, sir, that we just have one energy authority under mines in Energy and Mines?

Hon. Mr. Penner: — The answer is yes.

Mr. Britton: — Mr. Chairman, Mr. Minister, I was listening to your comments of the balance, and I was looking, while you were answering I was looking at the other members, and I wonder how you consider that a balance when we're talking about energy. You have an engineer. That's fine. You also have a business person. But I don't see anyone who is pro-nuclear energy.

Hon. Mr. Penner: — Well, I wouldn't want to comment on what position these three people take on the view of nuclear energy. I do know that the one member indicated what her position was. She made it very clear to us what her position on nuclear energy was, and we still felt that it's a type of person that could well serve this board.

The other two people have not indicated their position on nuclear energy one way or the other. And I'm not particularly concerned about whether they're pro-nuclear or anti-nuclear. These are well-qualified people who have done research in the field of energy, who probably know more about energy conservation and development than the combined total of knowledge in this room and maybe a bunch of other legislatures in this country.

And I have full confidence that these people will take an objective view of all forms of energy. That's their mandate. If they don't, they will hear from us.

I also want to point out again that they are allowed to put two more board members on. They can choose these board members. They will suggest these board members. They will recommend to Executive Council as to who should be appointed to this board. So there's an opening for two more people at least, and possibly four, as time goes on. But for the moment, we're looking only at two more. And these people can have different forms of expertise. And we'd be willing to look at qualified people who have expertise in the area of energy development and conservation. And I'm sure that cabinet will have no trouble appointing people who take a different point of view than some of the people that are on the board right now.

Mr. Britton: — Mr. Chairman, Mr. Minister, you say that you are satisfied and you go to great lengths to indicate your confidence in the knowledge these people have. I don't think that's what we're talking about, sir. I indicated

that I have no problem with the qualifications. But here you have an avowed anti-nuclear person and then you're saying to me that you have full trust in the other two to make that balance.

Well, Mr. Minister, you may have the confidence, but there are other people that may have some worries. Mr. Minister, how is this going to read in the public when you have an avowed anti-nuclear person and the NDP (New Democratic Party) policy is anti-nuclear? And this is the only one on the board, as you yourself said, has made any commitment to one side or the other. Now I wonder where you get the balance there.

Hon. Mr. Penner: — Well, Mr. Chairman, I'd like to say to the member from Wilkie that this is not the first government-appointed board that Ann Coxworth has served on. I'd just like to draw to his attention that the former government appointed Ann Coxworth to the Saskatchewan Electrical Energy Options Review Panel, which is normally called the Billinton Report.

And regardless of what her views are on nuclear energy, when the Billinton Report came out, it was viewed as a very objective report put out by the board. And Ann Coxworth was the former government's appointee to this board. So I fail to see where the member opposite makes such a strenuous argument that she should not serve on this board, when she was good enough to serve on their board doing work that was somewhat similar in many respects to what this Authority will do. The other board presented only an interim report, one report. This board will serve on a continuous basis.

So if she was good enough to serve on that board, you know, maybe you can tell me what your objection is to having her serve on our board.

Mr. Britton: — Mr. Chairman, Mr. Minister, you again missed the point, I think. I'm not questioning her qualifications. That isn't what I'm saying. I don't question the qualifications of the other two. And whether she worked for anyone else or not doesn't matter to me. I accept your assessment that she's qualified.

What I'm asking you . . . and maybe I could put another question to you in this way. I believe you said that the board would have full authority to hire the next two board members.

Hon. Mr. Penner: — I'll answer in two parts. I'll answer your last question first. The mandate of the board is that they can go up to five members. The board will recommend to cabinet, names for the appointment to this board. The board does not have the authority to appoint members to the board. The only people that can appoint members to the board is the Executive Council. Board members don't appoint each other. So they will recommend names to Executive Council and then Executive Council will appoint the board members. So that's the way the process works.

Again I'd like to just go back to the qualifications, and the absolute, I think, impeccable credentials of one Ann Coxworth. She has a Masters degree from the University of California. She lives in Saskatoon. She's program

co-ordinator and a board member of Saskatchewan Environmental Society. She's a former member of the Saskatchewan Electrical Energy Options Review Panel 1991. She's a member of the steering committee of the Canadian Environmental Network. She's a member in management committee; Canadian Environmental Network. Has past work experience including research in nuclear chemistry and adult community education. Those are the qualifications and I think she's eminently qualified to sit on this board.

Mr. Britton: — Well, Mr. Minister, again I say, I'm not questioning her qualifications. I never did. I never said anything about her qualifications. I'm asking you about your . . . you're comfortable with the balance. Now you tell me that the Executive Council will be the ones that choose the next two. You've already got an anti-nuclear person. The other people, us, have no way of knowing what your government will do when your government policy is anti-nuclear.

So what is to stop the Executive Council from putting on two more anti-nuke people. This is what I was talking to you about — not the qualifications of any of your board — the balance that will be needed to come down with a fair assessment of nuclear power, that's all.

Hon. Mr. Penner: — Mr. Chairman, I guess the only answer I can give is when the former member was a member of government, they and their Executive Council appointed board members and in their wisdom they chose balanced board members. Whether other people perceived that as being so or not may not have always been the case. We are government; our Executive Council is charged with the responsibility of appointing members to boards.

I guess all I can say to the member opposite that you will have to trust this government for the next four years to make good decisions on appointing board members, as we were forced to trust your government for nine and a half years to make appropriate choices as board members. And if you have problems with that I can probably understand that, but I hope that in the same vein you understand that people on this side of the House may have had some difficulty when board members were appointed by your Executive Council. So that's fair. Government has that responsibility and has that option.

I can assure the member that when I'm on Executive Council I will have a reasonable amount of input into the new board members. There is no way that I would want a board that was entirely one-sided. I'm looking for a balance, as I've indicated right at the outset. And when the two new board members will be appointed, the balance will be there, and I would be happy — when the time comes — to discuss with the member opposite the reasons for choosing the new board members.

Mr. D'Autremont: — Thank you, Mr. Chairman. Mr. Minister, can we have your assurance that when you appoint the two new board members that you will choose someone from the nuclear industry or who has made a statement that is pro-nuclear, that they're in favour of looking at the nuclear energy as a viable option for Saskatchewan?

Hon. Mr. Penner: — Thank you, Mr. Chairman. Yes I would like to say to the member that we already have one board member who has indicated in a letter that he has no trouble with developing energy or electricity with nuclear power. So we already have one member of that persuasion on the board. We have one who is on the other side. We have an academic that will do the academic part of it.

And the other two . . . I'm not going to choose the members. This three-member board will recommend names to us and then we will choose from that list of recommendations.

Mr. D'Autremont: — Well, Mr. Minister, just a few minutes ago you said that you did not know what the standings were of the other members on the board. And now you turn around and say that one of the members has indicated that he does support the concept of nuclear energy to generate electricity. You've said that the board does not appoint the board members, that Executive Council does. Now you're saying that the board will recommend to Executive Council who to appoint and that Executive Council, I'm assuming now, will eventually then make a choice from those recommendations.

Now who is going to make the choice in this? Is the Executive Council going to simply choose from the list provided to them by the committee members, the three members that are already been appointed by Executive Council, or will Executive Council be searching outside of that group for people on the board?

Hon. Mr. Penner: — I'll answer your last question first, Mr. Chairman. The Executive Council will not be searching for board members. My mandate to the three board members — and I met with them about a month ago — my mandate to them for the two new board members was that they should come up with some names that they thought would be suitable board members, and if they came up with more than two, then they were to rank them in the order, one, two, three, four, if they gave us four names. If they gave us more names . . . in fact I don't want many more names than that because it makes it too difficult to choose. But I asked them to rank them so that Executive Council, when they make the decision, will know what the preference of the three present board members is.

And then Executive Council ultimately makes the decision, as has been done in the past, as is done with all board members. And if the members opposite have trouble with that, then I'm sure they had a lot of trouble with their own government because that's the way things have been done.

(1930)

Mr. D'Autremont: — Well, Mr. Minister, I'm afraid I didn't have a choice in what happened in the previous administration, but I'm wondering, would you be willing to supply us with the long list prior to the acceptance of those board members to the board?

Hon. Mr. Penner: — No, that is not the normal procedure, that Executive Council does not release the names of all the options and then lets the opposition pick over the options. And then if we don't make the choices that they want then they will simply go around the countryside and say we didn't consult.

Mr. Britton: — Mr. Minister, I did hear you say when I was questioning you a little bit about the balance, that neither of the other two had indicated any preference one way or the other. And so when I was asking you about your balance, I was asking on the impression that the other two were neutral, because they had never expressed any leaning one way or the other.

And, Mr. Minister, if you're going to try to play games with me, then I suggest to you that I can play games too. And if you want to get on with estimates and you want to give me straightforward answers, then that's fine.

I've tried to be reasonable, and I want some information from you and I want the answers from you. I don't know how long it's going to take but we will get the answers. And if you want to play games, fine with me, but I would appreciate, sir, that if you don't give me the answers honestly, then we could be having a little problem.

It bothers me a little bit because I took you at your word, and then my questions were based on that. And now if you're trying to play games and make me look foolish at the other end, then, Mr. Chairman, Mr. Minister, I can do that for myself. I don't need your help.

Mr. Chairman, Mr. Minister, could you tell me how many projects are ready to go when the board is finally formed?

Hon. Mr. Penner: — Mr. Chairman, first of all, I'd like to comment on the remarks made by the member from Wilkie. I have not misled you. We have not in any way, shape, or form checked out these people, what stand they took. The one person at a news conference indicated to a newspaper person in Saskatoon that he had no trouble with nuclear . . . generating electricity with nuclear energy. Now if you want to take that as a mandate that he's in favour of it, you can. You can choose whatever you want to do with that. This is an objective person.

And the other point is that I've been giving you straightforward, honest answers and I don't take very kindly to threats that you're going to keep me here a long time.

Mr. Chairman, I think maybe I should read the mandate of the Authority and maybe that will help resolve some of the concerns that the member opposite has.

The mandate of the Authority includes:

Evaluating electrical supply options for the year 2003 to the year 2020.

Promoting development of energy conservation and alternative energy technologies and related business opportunities through development of government-industry partnerships to reduce economic risks.

(And) Promoting the commercial development and application of new technologies to achieve expanded production or value-added processing of conventional energy resources.

Those are the three main points of their mandate.

You asked me the question how many projects were ready to go. There are no specific projects ready to go because the Authority has not been able to establish a permanent office yet. It hasn't got a staff in place.

And once this happens, then projects will be considered. But there are no projects that are sort of sitting at the doorstep that are ready to go. There may be projects that are further down the line but there's nothing there at the doorstep right now that they could jump in and take hold of immediately.

Mr. Britton: — Mr. Chairman, Mr. Minister. Mr. Minister, I'm going to refer back one more time. You said, when you were talking to the member from Souris-Cannington, that one of the members indicated in a letter. And now you're telling me it was something else again.

So if you . . . I just don't want that sort of an answer coming from you. And further, we are the ones that will be asking you questions. We will be the ones to determine how long you are there to answer questions.

Okay, let's get that straight. That's your job. It's my job. So again I point out. Now, Mr. Chairman, Mr. Minister, the reason, one of the reasons I was probing this bias on the board is in a news release, *Leader-Post*, by Mark Wyatt, there is a person by the name of Marcoux who said the appointment of Coxworth, a prominent environmentalist, threatens its consideration of the nuclear option.

So there are other people are wondering about your balance on this board also. And that's why I was trying to develop with you how, in your opinion, you had the balance.

And when you indicated to me that the other two had not indicated their preference, I was of the assumption that they were neutral. We had one avowed, anti-nuclear person and two neutral people. And that's the point that I was trying to develop with you, sir.

Another question I'd like to ask, sir . . . I'd like an answer for is: how will the environment legislation affect the oil and gas companies in this province?

Hon. Mr. Penner: — Mr. Chairman, I wonder if the member could clarify that. Is he talking about new legislation that is being proposed, or is he talking about the environmental protection Act as it was in place? Maybe it would help us a little in answering the question.

Mr. Britton: — Mr. Chairman, Mr. Minister, I'm talking about the new, proposed environment legislation. What is the impact going to be on Energy and Mines?

Hon. Mr. Penner: — Mr. Chairman, again I'm going to give you sort of a general answer because I'm not sure that

I can give you a specific answer until I have a specific thing that you need answered. I may not even have the information here because it would fall under the environmental department. But let me just give you a general answer, and maybe the member will accept that as an answer.

Generally, the industry — the mining, oil and gas industry — always has concerns about environment, and they're as concerned about protecting the environment as, I think, the general public in Saskatchewan is. And in recent years particularly, the oil and gas industry and certainly the mining industry has done a very good job of protecting the environment in their areas. And in my conversations with them, they always indicate to me that they are concerned about the environment. They want to co-operate with the government in protecting the environment because they realize that their future in this province depends very much on how they treat the environment and how they treat the soil.

From my observations in the oil industry and in the gas industry and the mining industry, particularly the uranium mining industry, these people are working very, very hard to meet the requirements and the standards that are laid out in the environmental protection Act and have not, to my knowledge, expressed specific concerns about a specific aspect of environmental protection.

Mr. Britton: — Mr. Chairman, Mr. Minister, then I can assume then from what your answer was that you have been in contact with the mining and oil people and you're developing the changes to the environment and the impact with them so that they can live with it.

And the reason I'm asking you, sir, is there is some concern, there has been some concern expressed. And I just wonder if I can . . . if that's the proper interpretation.

Hon. Mr. Penner: — Mr. Chairman, I will not quarrel with the member's assessment. There's always concern. Any time that new regulations come in that industry has to comply with, there is some concern. First of all, there's a monetary concern because every compliance to a regulation requires a certain amount of outlay of cash on the part of the industry.

And industries today — the mining industry is no exception, the oil and gas industry is no exception — are having some difficulties with cash flow, as we well know in this province. And any additional requirements on their part to protect the environment causes them concern. But they're realistic enough, the people I've talked to are realistic enough to know that if they don't protect the environment, their future in this province, and in fact all across the world, is going to be jeopardized. Because they have to realize that they're living in a world that is becoming increasingly environmentally conscious, and they have to comply or else they will not exist.

So I find them very co-operative. They'll express their concerns. They'll sometimes even complain about certain regulations that may be a little too tough. But by and large, the industry has been most co-operative and lives within the guidelines of the environmental

protection Act.

Mr. Britton: — Mr. Chairman, Mr. Minister, I thank you for that assurance, and I accept it as given. I think you . . . Could I just go to another question? And it's regarding the relocation of Total Minatco uranium company. It's in Saskatoon. What are the terms of the agreement? And is the government providing any incentives to this company?

Hon. Mr. Penner: — Mr. Chairman, I'd like to thank the member for that question because I haven't had an opportunity to ever mention in this House about the move of the head office of Total Minatco to Saskatoon. There were no government incentives. This company decided that they would move their head office to the province where most of their business was.

Now they moved . . . and I want to make this very clear that the Minatco office that moved to Saskatoon is that aspect of their office that deals with uranium mining. It is not their total head office. I think I want to make that very clear. It's only that part of their office that deals with uranium mining, and their head office will have approximately 17 people working in it out of Saskatoon.

But there were no government incentives for their move. They chose to do this on their own. I think they're good corporate citizens in Saskatchewan. It also indicates their confidence in the industry and it also indicates their confidence in this government.

Mr. Britton: — Thank you. Mr. Chairman, Mr. Minister, did you in your response answer when they are moving and how many positions? I'm sorry if I missed it.

(1945)

Hon. Mr. Penner: — Mr. Chairman, they have already moved. They've relocated their office to Saskatoon. They are in the Scotia tower and the Princeton tower is where they've located their office, and their initial projection is that they will . . . when the office is fully staffed there'll be 17 people on staff.

Mr. Britton: — Mr. Chairman, Mr. Minister, I appreciate that and when you mentioned a few minutes ago about, trust me, when we were talking about the board members of the Authority, I have to admit, sir, it kind of scared me a little. And I'm wondering what assurance did you give this company that you would not arbitrarily break any agreement you had with them if the government policy, the NDP Party policy says no uranium mining in Saskatchewan at your convention in the fall?

Hon. Mr. Penner: — Mr. Chairman, when this company chose to move their head office to Saskatoon they were fully aware of what was on the New Democratic Party policy. They're also fully aware of the statements that this minister has made on behalf of this government. When I became the minister I told the mining industry, the oil and gas industry, that it was business as usual, and when changes were going to be made in government policy that they would be consulted and we would make that decision. We would inform them of that decision after consultations.

Mr. Britton: — Mr. Chairman, Mr. Minister, then I assume that this company are satisfied with that answer.

Hon. Mr. Penner: — Well I think the fact that they're satisfied with this answer is evident in the fact that they spent a considerable amount of money moving into Saskatoon and establishing an office there. And that's really all I can say on that point.

Mr. Britton: — Mr. Chairman, Mr. Minister, I want to indicate to you it says here in a report: that uranium industry concerned about an election. And that was before the last election, because of the position the NDP had on nuclear energy.

It said that they were going to be phased out as new jobs came in. And that's why I'm wondering if you had given them any guarantee. What would your position be if you decided there would be no uranium in industry? Would you buy them out or would you confiscate it, or how would you handle it?

Hon. Mr. Penner: — Well, Mr. Chairman, I think the member is doing some speculation now and I am not prone to answer to speculation. Because what if's, I really don't think that they carry a lot of weight right now. I could say what if the sky would fall, you know. It's just too speculative and I cannot really give you an answer.

All I can continue to say is that these companies know what's on the policy book of the New Democratic Party. They knew that before they came. And I gave them no solid assurances of anything. I simply talked to them and I told them that this is a pro-development government. I think if you read the news reports you will probably read those statements. And that this government is not going to do things that are going to jeopardize the development of the industries in this province.

Mr. Britton: — Mr. Chairman, Mr. Minister, that sounds reassuring. But I just would like to take you back to the potash people a few years ago. They found themselves in a spot where they didn't have much choice. So I find that reassuring.

I think one of my colleagues would like to ask a few questions.

Mr. Swenson: — Thank you, Mr. Chairman. Mr. Minister, in reviewing the proposed legislation for SaskEnergy, I have been unable to determine anywhere in that Bill a suitable regulatory mechanism associated with the transportation of natural gas in this province. And I'm wondering, given that the various petroleum associations, SIGUA (Saskatchewan Industrial Gas Users Association), everyone over the last couple of years has prepared briefs on that topic for the Government of Saskatchewan, why there is no regulatory mechanism being brought forward with the SaskEnergy Bill?

Hon. Mr. Penner: — Mr. Chairman, I would love to answer the member's question, but the SaskEnergy Bill is not in my jurisdiction. It falls under the jurisdiction of the Minister of Economic Development. So I'm sorry, but I'm not prepared to comment on that, on what the contents of

that Bill is.

Mr. Swenson: — Mr. Chairman, Mr. Minister, that's not acceptable. When I filled that chair, I can assure you that IPAC (Independent Petroleum Association of Canada) and Canadian Petroleum Association, the producers in Saskatchewan, all of them, along with the Industrial Gas Users who you meet with — I would suggest probably on a fairly regular basis because I always did — spent a great deal of time talking about the need for regulatory mechanisms in the natural gas business.

And I am sure the brief that was prepared last year by the Industrial Gas Users is well known to you, sir. In the formulation of the TransGas Bill, the Minister of Energy would have had a great deal of say. And I want you to tell me exactly what your department's role has been in those discussions because you undoubtedly have had them with the industry. And I would like you to tell the Assembly where that's at.

Hon. Mr. Penner: — Mr. Chairman, there's no question that we've had discussions with the industry on exactly the issue that the member raises about the regulations of pipelines and so on.

Now I think we have to separate the SaskEnergy Bill from The Pipe Lines Act. If he's talking about The Pipe Lines Act, now that is within the Department of Energy and Mines. But the SaskEnergy Bill isn't.

So if the member would like to ask me another question, I'd be pleased to respond.

Mr. Swenson: — Mr. Minister, I know where the lines are drawn and who has responsibility for what. That's not what I asked you. I know that the people involved in the production of natural gas, the end users, all of them meet with the Minister of Energy on a regular basis. And they talk about the need for regulatory . . . tolling, tariff, those types of things.

Now they were very concerned with SaskEnergy and TransGas previously. And now that there has been a final determination on the SaskEnergy Bill, as to where TransGas will be, then along with that final determination needs to be some regulatory mechanism in place. I mean the people that you are supposed to represent in this government has been fairly adamant about that for a long time.

And I just want you to inform the Assembly where those discussions are going. And if you are planning, in the case of TransGas, to bring in a mechanism similar to the one in Alberta or similar to other jurisdictions, something that will allow the public some assurance that the government isn't going to gouge on natural gas rates, that's what I would like you to tell the Assembly.

Hon. Mr. Penner: — I would be happy to tell the member opposite, Mr. Chairman, and the Assembly about where this is at. I'm glad the member mentioned the fact that the industry has been complaining for many, many years on the regulatory body. I'm a little surprised that when he occupied this chair why he didn't bring in some regulations on that, but I guess that's history.

But I can assure the member that my department and I have had some discussions just very recently on opening up The Pipe Lines Act for the next session of the legislature, and we'll be taking a look at what needs to be done. If it is possible to put in a regulatory system that is suitable and acceptable to the industry, and if it's feasible, we are prepared to take a look at exactly that.

Mr. Swenson: — Mr. Minister, it's very feasible. And I know that the people in the industry want it. That's not the question. Now one of the . . . I'll just read a section out of the brief by SIGUA, presented last year to the Department of Energy and Mines, amongst others, on this issue.

The basic principle of public regulation is that the owner of an essential monopoly is entitled to a fair return on investment, and the customer is entitled to safe, reliable, and efficient service. To strike a balance between these two entitlements, an independent and informed body is needed. The body must be able to decide how much money the owner needs to operate the business and earn a fair return, the size of the revenue pie. It must also be able to decide how the pie is sliced, how much of the total cost should be borne by each customer.

Now, Mr. Minister, this is a fact of life in every province but Saskatchewan. And it was anticipated with the privatization of TransGas that that would then follow with a regulatory mechanism. And I can assure you if I had occupied that chair a little bit longer, that would have been the case, but there was a change of government.

But the requirements for the public to have a regulatory mechanism in place, to safeguard the interests of the consumer no matter what their size, is the same. And I know that those presentations have been made to you and it is absolutely fundamental, now that the SaskEnergy Bill will be a reality — perhaps in this session — that that not be put off to some later date, because the potential to gouge is just tremendous where you have an unregulated entity with a natural monopoly like SaskEnergy.

So I would like to know sort of where we are at on both the pipeline side and with the residential and industrial consumer.

Hon. Mr. Penner: — Mr. Chairman, the priorities of the government for this session was that we would get the SaskEnergy Bill out of the way, and it was absolutely necessary and imperative that that situation be clarified as to the position of SaskEnergy. And that's all I can say on SaskEnergy because it's not within my jurisdiction.

But we are having discussions with the industry, as the member read from the brief that SIGUA presented, and other organizations and agencies have also presented briefs to my department and to me personally regarding a similar issue. This is a concern, and we recognize this concern, in the industry and for the people in Saskatchewan in general. And as I said earlier, my department is prepared to discuss this issue with the industry, to look at the different pieces of legislation and Acts which may need amendment in order to satisfy the

needs of the people of Saskatchewan.

Mr. Swenson: — Well, Mr. Minister, it's a little bit like putting the cart before the horse, in my opinion. I've had people from the Industrial Gas Users make representation to me because of the issue with SUMA (Saskatchewan Urban Municipalities Association) wanting the 5 per cent claw-back on grants-in-lieu that were removed with the deregulation of the gas industry. We're talking two and a half million dollars there.

We've had people in the pipeline business make representation to us, and they are quite worried because what they've seen already from your government is increases in the gas rates. We now have the debt that was associated with TransGas and SaskEnergy rolled back into SaskPower. And quite frankly, sir, no one out there, neither the producer, people in the transportation business, or the end user, is going to have a clue what goes into the rate structures as far as the rates that are being set by this natural monopoly.

I'd just like to read a little bit more, Mr. Chairman, from this brief so that the minister clearly understands what we're talking about in this issue:

To decide these broad questions the body must be able to decide whether the facilities constructed are required by the public, whether the amount spent on the facilities was prudent, and consequently how much of the owner's investment should be recovered from the public.

They must be able to decide whether the costs forecast are reasonable and necessary, including the cost of attracting investment. They must be able to decide whether the service provided is adequate and whether the conditions for providing the service are appropriate.

And finally, it must also be able to decide whether the rates charged for serving a particular customer-class fairly reflect the cost of serving that class.

And the title of this section — I'm sure the minister is familiar with it — is, "Regulators must provide a surrogate for competition." Because what we have here is a natural monopoly. The previous government went out of its way to make sure that natural gas was distributed through this province far greater than under the previous government. In other words, natural gas was deregulated, it was taken to tens of thousands of farms, villages, businesses. All of those people now dependent upon natural gas for various parts of either their livelihood or their home heating, that type of thing. With that extra amount of gas being used in this province, the burden of proof increasingly is on government to make sure that there's no gouging going on.

Every other province in Canada has a regulatory mechanism that people can appeal to, talk to, and make sure that the tolling and tariff is fair. And I think, Mr. Minister, to simply say that SaskEnergy doesn't relate to me is unacceptable. You're the Energy minister. When I was in those shoes I had to deal a lot with it. It wasn't

simply the minister responsible for SaskPower. So I would like you to tell me exactly what assurances that you have given IPAC, SIGUA, other organizations that are involved, of where the timetable is going to be and what this regulatory mechanism that you have in mind looks like.

(2000)

Hon. Mr. Penner: — Well, Mr. Chairman, I can simply repeat some of the things I've said, and just to reiterate them and maybe fill in on some of the details that the member is asking for. I indicated to the member that we as a department are going to take a look at The Pipe Lines Act this year and legislation could be ready as early as the next session. It's not going to happen this session, it certainly wouldn't be ready. And it could be ready as early as next session.

There are two things we have to consider and the member is reading from the brief that was presented by SIGUA and I respect that. And I've talked to those people and I've also read that brief. That is one side of the story, and SIGUA and the industrial gas users and other gas users have a story to tell and they have a certain scenario they use.

On the other side of the situation we have the people who own the pipelines and they also have a story. And the object of legislation will be to establish a balance so that both the consumer and the pipeline can live with the kind of legislation that's going to be brought forth. At this point I cannot give the member any specifics on legislation. We will be talking to the people that own the pipelines; we will be talking to the people that use the pipelines to see if we can get a balance between the two. If we can get an agreement between the two that they can live with, then as I said earlier we are prepared to take a look at the Act, open up the Act, and bring forth legislation in the next session.

Mr. Swenson: — Mr. Chairman, Mr. Minister, the people that are in the pipeline business and the people that are producing gas in this province aren't very far off of where SIGUA is. As you know, last year when a group of IPAC companies put together a proposal to purchase TransGas, along with that came a proposal for regulation because they did not want to be in the same position that they had been previously when the government owned it.

And that regulatory mechanism that was talked about, along with that proposal of a half a billion dollars, was very similar to what SIGUA . . . (inaudible) . . . So don't tell me that SIGUA and the people that are producing the gas are very darn far apart on this issue. Both groups, I'll say to you, Mr. Minister, want this done, and they want it done sooner than later because quite frankly they don't trust government. That's why they're insisting that there be a regulatory mechanism in place in this province like there is in every other province in Canada.

Now, Mr. Minister, you must be favouring one form or another. I know that the department has done a tremendous amount of work in this area. Now is there going to be a complaints-based model? Is that what's favoured? Is it a rate-review model? Is it one that they call it informal supervision? I mean what are we favouring

here?

Your department has the work done on it. Where is the minister leaning? What have you indicated to the people on the producing side? Which one do you favour from what you've seen that you would take forward as a regulatory model?

Hon. Mr. Penner: — Mr. Chairman, I'd like to say to the member opposite that I don't disagree with him, that the industry that uses the gas and the industry that pipes the gas are far apart. I don't think I indicated that in the answer I gave him earlier. They may be very close together, but it's still incumbent on us to talk to both of them to make sure that there's a balance that the two of them can agree to.

At this point we have looked at various models. We haven't come down on the side of either one or the other at this point. There are several factors that we have to consider before we choose a model that we're going to enhance or promote, and one of the factors we have to take into consideration is the cost factor.

If you were to look at something like the National Energy Board, the NEB, there's horrendous costs involved with that, and we're not interested in that kind of a thing where we have to put forth huge sums of money in order to settle probably what in many instances are relatively minor disputes that need to be solved. We're also looking at the effectiveness of the board. Cost is obviously a factor, and if you have an effective board, then usually the cost is also lower than if you have an ineffective board. So we're looking at those two aspects but we have not come down on the side of one or the other at this point.

Mr. Swenson: — Okay. I'll put it to you another way, Mr. Minister. The people that you have been discussing this with, and I know they're all aware of SaskEnergy's intentions — and I've received briefs from a number of people vis-a-vis the SaskEnergy Bill — and it always comes down, like where is the regulatory mechanism that goes with this? The people that you obviously are doing all this consulting with, what would they like? Which one does SIGUA like? Which one do IPAC like? Can you give us some indication with this consultative process where these people are coming down?

Hon. Mr. Penner: — Mr. Chairman, the question the member asks is fairly specific, and as I indicated earlier, we haven't arrived at specifics yet. But I can give him sort of a general answer as to where we are with the industry.

In relations to TransGas, I think it's fair to say that TransGas has recently been trying to make information available to the industry as to how they arrive at their rate structure, and they're trying to make it as transparent as possible. Now the users of the gas are seldom satisfied with what the pipeline owner tells them as to what their costs are and what is transparent and what isn't transparent. But they have made an effort in recent months to do this. The industry — I'll be very frank — is not totally satisfied with that. They would like more than that, but it goes part way to satisfying their needs.

The model that would probably be the easiest to

implement and probably the lowest-cost model would be sort of a complaints-based model where you have a board or a tribunal or whatever organization you have that would look at complaints made by either side, either the producer, or the person who pipes the gas, or the person who uses the gas. And that would probably be the simplest and maybe the cheapest model to operate.

I would say at this point that if the industry wants a Cadillac model of a complaints mechanism, then they have to realize there will be costs involved, and these costs involved with a Cadillac model of a regulatory body would be passed on to the industry. The government and my department certainly cannot afford to have a Cadillac model of a complaints-based regulatory body or any other based regulatory body that's going to cost a lot of money.

As I indicated before, cost is a factor. It is a factor to the industry. It's also certainly a factor to the department. And effectiveness — if it's not effective, it doesn't matter what it costs; it's no good. So effectiveness is possibly, in all likelihood, the highest priority and cost would come second.

Mr. Swenson: — I appreciate that information, Mr. Minister, on what TransGas is doing with the people that it does business with. But what I asked you was your discussions with industry, both on the user side and the production side, which model they were favouring presently.

I know SIGUA doesn't particularly favour the complaints-based model; they have some problems with it. So I was hoping that you would inform the Assembly, with the consultations that you have ongoing, given that SaskEnergy's Bill is going to be a fact of life here and that all of them are going to be subject to that legislation, what model they prefer. Because I think it's important for the public to now start getting involved in this debate of what model the public will ultimately have their rates set by, what SIGUA's preferring, what some of the producers are preferring in the way of a regulatory body.

That's what I would like you to tell me so that the public watching TV have got an idea where this thing's coming down.

Hon. Mr. Penner: — Mr. Chairman, I'd like to say to the hon. member opposite that I know he would like a very specific answer. I can't give him a specific answer. I'll be very blunt with him; I don't have a specific answer to give to his question because it depends on who you talk to as to what kind of a model they want. And they don't all want the same model.

So for me to say that, you know, this organization wants this model, another organization wants that model, it would simply be confusing. What we're prepared to do is to sit down with the industry and discuss the different models with them and hopefully come up with a model that they can all live with.

It's very difficult to come up with a model and say, well this is the model and you all have to live with it. That's one way of doing things, but generally not very satisfactory.

So what we want to do is we want to get some input from these people, as well as the people that own the pipeline, as to what kind of a model they can live with.

So I can't give him a specific answer. If he keeps pushing on that, I'm sorry; I have to give the same answer. I cannot give you a specific answer to your question.

(2015)

Mr. Swenson: — I can assure you, Mr. Minister, I won't be confused about the different models. It's something I took a great deal of time in making myself aware of. So I won't be confused at all. Now if you're telling me that you don't know, that tells me that you haven't consulted with anyone.

Now the individual owning the pipeline is the Crown. In the case of SaskEnergy and TransGas, it is the Crown that will own it. I mean, the NDP campaigned long and hard on the fact that that pipeline and the \$200 million worth of pipe that are going to be laid in this province in the next few years would be owned by the Crown. You were very adamant about that.

So it is you, sir, Executive Council, the Crown that owns the pipeline that will be doing the transportation of the gas. And they are the ones that are going to set the tolling and the tariff rates.

Now I would like you to tell me — and I'm sure that you've had conversations — of which model SIGUA favours today, which model for instance the gas producers in the Sand Hills region favour, the gas producers perhaps up in the Lloydminster area because they've got further to go and they don't have a gathering system in place yet, what they favour. Because they're all going to have to deal with TransGas, and TransGas is owned by the Crown. And TransGas will set the tolling and tariff rates.

Now, Mr. Minister, if you've done your consultative work, you will know where those people are stacking up. And I would like you to tell the Assembly tonight which model is favoured by the various areas.

Hon. Mr. Penner: — Mr. Chairman, just a few comments to make regarding the question that was raised. The pipelines in Saskatchewan are not all Crown owned, I think. As the member well knows, there are other organizations that own pipelines in Saskatchewan. He's absolutely correct that TransGas is the major pipeline owner in Saskatchewan, but there are others that also have to be considered when we put in regulations.

In our discussions with the industry, particularly since the new year, when I first became minister last November, the industry laid those kind of concerns before us, in fact a whole raft of concerns before the minister. And mainly they were interested in getting to know the minister and also getting to know where I was coming from and what kind of views I had in regards to their industry.

The biggest concern the organizations have had is not the regulatory body. It's been mentioned; it's not their number one concern. What we have indicated to them is

that the government is willing to look at this. They have emphasized with us recently that there's a need for government to agree to take a look at this. We've indicated to them that we're not going to do it this session of the legislature, but if legislation is going to come forward, it's going to come forward in the next session.

Their primary concern is to make us aware of this, that there's a concern out there. We've recognized this concern. And as I indicated to you earlier, we are willing to continue discussing this issue with them.

And as far as specific models is concerned, I think I mentioned to the member before that I don't have a specific model that I think is going to suit all the different industries that use the gas. We'll look at their models. Hopefully we can come together to an agreement with a combination of all the different models, one that will satisfy the industry generally.

There'll always be specifics that will not . . . never be satisfied, but we hope we can satisfy the industry in a general way.

Mr. Swenson: — Mr. Minister, for some reason you keep wanting to skirt around this issue. Now I didn't ask you which model you preferred, or the government preferred.

You have been telling my colleague and you've said all along what a wonderful consultative job that you are doing. Now I know the industry's main concern has not been tolling and tariff; the main concern is that you'll jack the royalty rates up to the point where they'll have to shut their wells in. But beyond that, they are very concerned about tolling and tariff.

Now what I specifically asked you was not your position or the government's position, albeit that will be important at the end of the day. I want to know, in your consultations with these other groups, where they are coming down.

SIGUA, unless they've changed in the last few months, the individuals that I knew weren't shrinking violets. I'm sure they come right out and tell the minister exactly where they sit on this issue. And I don't suppose Gerry Protti and a few of the other folks at IPAC are sitting back on their hands being reticent about this particular thing. They favoured certain models in the past and I'm sure they favour certain models today.

And I want you to tell me and tell the people of Saskatchewan what models they favour. They've never been ones to hide it. I just want to know if you know.

Hon. Mr. Penner: — Mr. Chairman, I'd like to just make a comment about the first remark that the member made regarding the industry and concern about this government's position on royalties.

The kind of scaremongering that the members opposite have engaged in prior to the election, during the election, and since they formed government is absolutely unfounded. I think if you checked with the industry and how satisfied the industry is with the regulations and the legislation that this government brought in, I think you

will find that it is unfounded.

This government did not change the royalty structure. We are in the process right now of doing a royalty review, but we did not change the royalty structure. And those kind of allegations don't go anywhere to enhance the industry in this province. We're trying to do everything we can to make this province attractive for the industry to come and work here, and the kind of remarks that come from the opposition that this government is trying to destroy the industry by increasing royalties doesn't do anything to enhance the industry's interest in this province.

Coming back to your specific question. The industries are not nearly as concerned about specifics and models as they are in the concept, and that's what I've been trying to convey to the member. If the member is pushing me to give specific models, I will not do that because then there's a tendency to want to bind people to those and hold them to that.

This government is willing to sit down with the industry, to listen to their particular models that they have; then we will, in consultation with them, develop a model that they can live with. And as I said before, not every line in a regulation or in a regulatory body is going to suit every pipeline or is going to suit every producer. What we have to do is have a regulatory system which is generally accepted to those that pipe the gas and the oil and also to those that use the pipeline.

Mr. Swenson: — Mr. Chairman, Mr. Minister, that's sheer malarkey and you know it. Those groups have never been hesitant to put their name on the line when it comes to a regulatory mechanism — absolute malarkey. Now you may not want to be bound to it, Mr. Minister, and that's the problem that we've got here. We've got SaskEnergy coming forward with a Bill. We've had rate increases already. And I suspect the Minister of Finance has got his eye on the gas business for a little more cash.

Now I know, Mr. Minister, that SIGUA isn't all over the map. They will have a position, as will most of the other groups that you deal with. They're not shrinking violets, sir. I can understand your hesitancy on behalf of the government to give us a position. I want to know from you where these folks are at these days, what position they've taken. They will have one as an industry association, I can rest assure you. And in your consultation with them, you should know what it is. I just want you to tell me in the House tonight.

And as for your other point, I sat in your chair for two years. And I had members of your caucus, your colleagues over on this side, accuse me and my government of royalty give-aways amounting to several billion dollars. Every time I went through estimates, I had to answer to those questions. And every last one of them that questioned me left no different impression in my mind that they were going to rectify that several billion dollar problem that they were always accusing me of making — I and my predecessors.

So when I make that statement, it only comes from the words that were spoken by your colleagues over a great number of years, that there had been an immense rip-off

of the taxpayer by those particular companies. And it had to be rectified. And that's when I make that comment; I'm only repeating to you what your own colleague said to me over a great number of years.

Now back to gas regulation — I'm sure the groups will have a fairly definitive point of view. And I would like you to tell me about those groups, not the government's because I understand why you would want to hide that. I want you to tell me about SIGUA and IPAC and others, where they're at today with their industry association points of view.

Hon. Mr. Penner: — Mr. Chairman, I can just . . . Again I'll have to repeat some of the things I said before because I just don't have a lot of new things to say to the member opposite. I can say, however, that we haven't had any new, recent initiatives from either SIGUA or IPAC or any of the agencies that transport gas or oil for that matter.

I can't give you specifics tonight because I don't have them with me. I will undertake to provide you with any of the briefs that we have received with the specifics in them. Some of those briefs are rather lengthy, but we can point out exactly where the specifics are. My department will undertake to provide you with those, and we can probably have a further discussion on this at some other time. But right now I cannot provide you with the specifics.

Mr. Swenson: — Mr. Chairman, Mr. Minister, I find this a little disturbing that the Minister of Energy, the individual responsible for the transportation . . . or the companies that transport gas, the minister that meets with the industrial gas users, isn't conversant enough with this that he can tell the Assembly tonight where his clientele are coming with on regulatory control in the natural gas business.

We're going to have a Bill . . . We're going to have a Bill rammed through this legislature, like we've had every other piece of legislation rammed through, probably in the next couple of weeks, that gives the government the mandate to do whatever they want in the natural gas business as far as taking it to the consumer.

That's going to be a fact of life. And something like that, that's going to be a fact of life, means that the people that are using that gas . . . I mean somebody like IPSCO, some of the major potash mines, the industries that use very large volumes, Saskferco, are going to be very concerned about that tariff and tolling structure, I can tell you, Mr. Minister, and through their various industry associations are going to make their views known, as are the people that are producing the stuff.

(2030)

Now we've got a Bill that's a fact of life, that's on all of their minds. And I know it is, because they've told me it is.

And they will be talking about regulatory mechanisms. And what you're telling me is tonight that you aren't conversant enough to bring to this House tonight in your estimates where those various groups stand on that. I mean, fair ball. If your cabinet colleagues won't trust you

to come forward with the government's view on it in these estimates, that's all right. We'll have to deal with that at another time.

But I know the industry groups that you supposedly are responsible for will have very strong-held views on that, because they know that thing's going to be a *de facto* piece of legislation soon. And every last one of them could be in a position to lose financially because of it.

And I think in the interests of the industrial users in this province, and the interest of the small-business men, and the interest of the home owner, who is going to be subject to this unregulated government monopoly very soon, that you would want to bring to this House information as to where those folks stand. That's your job. They all talk to the Minister of Energy about it. And I think, Mr. Minister, that you wouldn't want to miss this opportunity to tell us where that is, considering the fact that that Bill will be law very quickly.

Hon. Mr. Penner: — I'm not sure, Mr. Chairman, that there was a question in that. But I have a few comments to make on this.

The member opposite obviously assumes that TransGas, who is the major transporter of gas in Saskatchewan, is out there to rip off everybody else that uses gas. Well I don't think that that's TransGas's mandate, nor has it ever been their mandate, and nor will it ever be their mandate. As I indicated earlier, TransGas is doing everything within its power to inform the groups that use the gas to tell them how their rate structure is set up and to be as transparent as possible so that the user can see the costs that are involved in transporting this gas. TransGas isn't out there, nor is the government out there, to rip off the consumers.

What the member opposite seems to be asking me is what are the different options out there and he wants me to pick and choose between all the options. And I'm not prepared to do that. As I indicated to the member earlier, I'm not prepared here to give him specifics; however I have undertaken to provide him with briefs where, if the specifics are in those briefs, we will give him the specifics and he can decide which ones are the good ones and which are the bad ones.

There's no point in me making statements here tonight that says, this group wants this and this group wants that. When that becomes public knowledge it simply is viewed as pitting one group against the other. I'm not interested in doing that. I'm interested in working with the industry, not against the industry. And I'm not interested in working with one group of the industry and not with the other group of the industry.

I'm interested in making sure that the publications and the submissions from one group receive the same fair treatment as the submissions from another group and that's the purpose of our department. Maybe the member doesn't understand that form of consultation but that's what we've engaged on and we're going to continue to do that kind of consultation with the industry.

Mr. Swenson: — Mr. Chairman, Mr. Minister, this is so unbelievable that it almost doesn't deserve any more

dealing with. You know full well that those various groups talk all the time. The individual sitting beside you from your department knows this stuff on a day-by-day basis. I can assure you he's that competent and he will know exactly where every last one of those groups sit.

I think, Mr. Minister, what your hesitancy is all about is that you don't want to have anyone in this province, anyone in this province think that the government isn't seriously considering this. And I don't believe you are. I believe what we're going to do is get a SaskEnergy Bill and with it we're going to get the duplication of gas rate increases that occurred the last time the NDP held power in this province. Between 1971 and 1982 gas rates went up about 180 per cent in this province and I think if you check the numbers between 1982 and 1991 you will find that it was significantly less.

Now, Mr. Minister, if this is why you are so hesitant to talk about this issue — that the Minister of Finance plans on using natural gas to gouge the consumer, to gouge our business people like you did between '71 and '82, and I think before this Bill sees final reading that we better go back to the drawing board. If that's all that SaskEnergy's here for, we better not pass it through this legislature if it just simply means increased gas rates for everyone.

And you know, as well as I do, you can talk all you want about TransGas being transparent. If TransGas doesn't want to be transparent, there's not a darn thing anyone in this province or anyone shipping gas through it, can do about it — not a darn thing. You are a natural monopoly and you can charge whatever you feel like.

Now, Mr. Minister, if this isn't the case, I think it would be proper for you to set a timetable, before this legislature tonight, of when consumers and users and producers can expect a regulatory mechanism to make sure that they aren't going to get ripped off by SaskEnergy. And I think it would be . . . Given that you know so much about what everyone thinks about this, I think it would be good to have a timetable laid out now for folks so that they know this is on the government's agenda, and it isn't going to be shoved off to the side.

Hon. Mr. Penner: — Well, Mr. Chairman, the member opposite's concerns about regulations ring somewhat hollow when his government established a Public Utilities Review Commission and then shortly afterwards cancelled it. So his concern is obviously not very sincere when he talks about a regulatory body. I think his government found out very quickly that the regulatory body, the way they had it set up, wasn't functioning all that well.

I think I have indicated on several occasions to the member opposite that I've given him a timetable. I said it will not be this session of the legislature; that we are prepared to look at The Pipe Lines Act, and other related Acts, and other related legislation, for the next session of the legislature. That's the timetable and that's as close as I can come to giving him a time line on this.

In response to some of the remarks that the member has made about, you know, me talking to the industry and consulting with the industry, I'd just like to remind the

member opposite that he and I attended a meeting in Regina, known as the IPAC annual meeting, the Saskatchewan section of the IPAC annual meeting, where I had the opportunity to address the group, and he and I sat at the same table, in fact, had a table at the same lunch.

I don't know whether the member opposite paid any attention to the president of IPAC, Charlie Fisher, when he made his introduction and his remarks about the Minister of Energy in Saskatchewan. And if he did, he will recall — I will just remind him — that Mr. Fisher indicated to all present in that group that this minister was the most consultative minister that they had dealt with.

And I also noticed that right after he made his introduction, the member opposite left the room and didn't wait for the speech.

Mr. Swenson: — Mr. Chairman, Mr. Speaker, one thing you'll find out about IPAC is that they are tremendously hospitable and they always say nice things about ministers of Energy in formal settings like that. I'm sure you'll find that their hospitality over the years will be just extraordinary.

And the reason, Mr. Minister, that I didn't stick around for I know what would have been a scintillating speech was I did have duties in the House here. It was question period and, unlike the minister, I felt it was responsible to be back here for question period.

Now, Mr. Minister, I'm saying to you that that timetable is unacceptable to a whole lot of people in our province. It's unacceptable to the producers. It's unacceptable to the users because a whole lot of things can go by before you get through that review of the pipeline industry. We can see a whole lot of dollars disappearing out of the pockets of home owners, farmers, small-business men, people like IPSCO, people like Kalium, people like Saskferco, if there is changes in the tolling and tariff associated with TransGas.

And you're right, the former government disbanded PURC (Public Utilities Review Commission). PURC was universally disliked by nearly everyone because of the costs associated with it — government and the people that had to make presentations to it.

It was well attended by lawyers but the costs for the value were very high. So in the second term of government it was felt far wiser, Mr. Minister, to sell TransGas to investors and, by doing so, as a private entity it would then be very easy to put in a regulatory mechanism so that in the future the taxpayer of this province didn't have to pay for pipeline going in the ground and therefore would be the same as every other province in Canada.

There's nowhere else, sir, in the entire dominion where the taxpayer is paying for the pipe going into the gathering system on a natural monopoly. Nowhere.

Now, Mr. Minister, that didn't occur because your government took over in October. We now have TransGas back inside of SaskEnergy, a natural monopoly with no regulatory mechanism, no regulatory mechanism at all.

And you can make all of the wonderful statements you want in this House about them being transparent with their tolling rates, tariffs, but the simple fact is if somebody over there doesn't want to reveal it they don't have to, and they can charge whatever they wish. And that ultimately will end up on the doorstep of every home owner in this province. We've already seen it, Mr. Minister. We've had natural gas rates falling, falling for the last 12 months — not going up. And yet we have seen rate increases already on the natural gas side by SaskEnergy. We've got a falling market.

The people producing it are taking home less, the people that are transporting it on the private side are taking home less. And you, Mr. Minister, and your government are taking home more. Now if one wants to accentuate that over the next couple years, the potential is there to make very large profits for your new corporation and everyone else gets it in the ear.

And that's why, Mr. Minister, I want to get some assurances from you that you know what you're talking about, that you understand the situation, and that at the cabinet table, you're doing your fair bit of representation to make sure that we have a regulatory mechanism in place that doesn't allow that to happen.

And to simply say, well I'm going to open up The Pipe Lines Act some time in the future isn't what people from the users and the producers are telling me. They're saying they would like something a little tighter than that before other of your cabinet colleagues have the opportunity to do something else.

So, Mr. Minister, will you assure me tonight that at the next session of this legislature that The Pipe Lines Act or some other mechanism will be on the agenda so that when people are phoning me, I can give them the assurance that this government is going to deal with that regulatory component sooner than later.

(2045)

Hon. Mr. Penner: — Mr. Chairman, in response to some of the comments made by the member opposite, it appears to me from his initial remarks, that one of the sore spots seems to be here today is that whether it's privatization of TransGas or whether it's public ownership. I don't think that's the debate, but that seems to be a bit of a sore spot. And the undercurrent of his remarks seem to indicate that that's one of the things that are bothering him.

Your government had intentions of selling TransGas; our government chose to keep TransGas as a public utility. And we believe that the public utility is the right way to go. You have a different philosophy. And you have every right to think that it should go the other way if that's the way you choose to think.

In regards to the SaskEnergy rates, everybody knows that gas prices have fallen. They look like there may be a bit of a rebound now but it is not significant. But I think the member opposite understands very well that SaskEnergy buys very little gas on the spot market at the reduced

prices. They have long-term contracts and some of those long-term contracts have absolutely nothing to do with the spot price of gas as it is being sold for at the well-head today.

We also have to recognize that SaskEnergy has to have a 15-year supply reserve in place. This all costs money. So if the gas rates go up they have very little to do with what the price of gas is at the well-head, and I think the member knows that very well. I just want to make sure that that gets into the record.

As far as the assurance is concerned, for me to give an ironclad insurance would be foolhardy. I cannot do that because I cannot look into the future. I have given the member the commitment, and I will make that commitment again, that we are going to look at The Pipe Lines Act and we will consult with the industry. We will talk to the people in the industry and if we can come up with some legislation that is satisfactory to all aspects of the industry and that the government can live with, then the next session of the legislation would be the appropriate time to introduce that into the legislature.

For me to stand on my feet and say definitely next session of the legislature, it's projecting into the future and I'm not prepared to do that. I'm more realistic than that because I know that things can happen between now and the next session that it may not happen. But the intention is to make it happen and that's the assurance I give the industry and that's the insurance I can give the member opposite.

Mr. Swenson: — Well, Mr. Minister, if there's another rate increase I suspect it won't happen because no one over there will want to face the music. It would be along with introduction of a regulatory body.

But we'll leave this for a minute because obviously the minister isn't going to provide any more answers. But I do assure the minister I expect any information that he has from the various groups, briefs that they might have on regulatory mechanisms, that that will come across.

Now I want to go to another area. I'd like the minister to tell me tonight where exactly the Oil and Gas Conservation Board is at.

Hon. Mr. Penner: — Mr. Chairman, the Oil and Gas Conservation Board is a three-member board. It's in place. Two of the members that were on the board when I became the minister are still on the board and one member has been changed.

Mr. Swenson: — Mr. Minister, will you tell me who was changed and who remains on the board, and have you replaced that individual that you changed?

Hon. Mr. Penner: — The members of the board today are Dr. Vigrass, Doug Ruse, and Murray Walter.

Mr. Swenson: — You didn't answer the question, Mr. Minister. I said who has changed and who was the replacement.

Hon. Mr. Penner: — The member that was changed was

Murray Acton and Murray Walter replaced Murray Acton.

Mr. Swenson: — And what were Murray Walter's qualifications that necessitated the change? Why was Murray Walter . . . what were the differences that the minister felt needed to be rectified there?

Hon. Mr. Penner: — I don't have Mr. Walter's résumé here with me, but Mr. Walter is a lawyer in Swift Current in my constituency. Mr. Walter is a respected lawyer in an established firm in Swift Current. And as minister, it is my prerogative and also my obligation to appoint the board members, and it was my choice to appoint Murray Walter to the board.

Mr. Swenson: — So what the minister is telling me . . . there was no problem with Mr. Acton, that he was fulfilling his duties quite adequately. Just that the minister liked this Mr. Walter from his constituency quite well and he thought that he should have a place for him. Is that what you're telling the House tonight?

Hon. Mr. Penner: — What I'm telling the member opposite is, when he was minister he chose the board, and he chose Murray Acton to sit on the board, and I don't know what reasons he used to put him on the board. When I became the minister, I chose Murray Walter to put on the board and I believe that Murray Walter is a competent individual who will do an excellent job on this board.

Mr. Swenson: — Well, Mr. Minister, I can tell you there's a slight difference. That the cabinet chose Mr. Acton because of names brought forward with a report that he did on surface rights in the province of Saskatchewan and how it affected various aspects of the oil and gas industry. That's why the cabinet chose to put Mr. Acton on.

Now I would like to know what this Mr. Walter, other than being a friend of the minister, has done in the oil and gas industry that he deserves to have this appointment on the board.

Hon. Mr. Penner: — Mr. Walter comes from the city of Swift Current and we have a lot of oil business and gas business in that particular area and Mr. Walter has represented many of these people and is well-familiar with the industry and is doing a competent job in the short time that he has been in office.

Mr. Swenson: — Well, Mr. Minister, if I remember correctly, Mr. Walter ran for the New Democratic Party in 1975 against Dennis Ham. I suspect from what we've been finding out in this legislature for the last few weeks that that probably had more to do with expertise than the oil and gas industry.

At least Mr. Minister is quite frank about these things. It's sort of refreshing because of all the ducking and diving that your colleagues do in this area, that you more or less call a spade a spade and lay her on the line, and I do appreciate that. Perhaps you could influence some of the rest of them to be a little more forthcoming in this area. Patronage is a wonderful thing when you have such a definite mind-set about it, so I'm glad, Mr. Minister, that

you confirmed for the House and public tonight exactly where we stood on that issue.

One final question, Mr. Minister. Is the Oil and Gas Conservation Board still situated in Weyburn or is it operating out of Regina? Where is it at?

Hon. Mr. Penner: — Mr. Chairman, the board is operating out of Regina.

Mr. Swenson: — I missed that, Mr. Minister.

Hon. Mr. Penner: — Mr. Chairman, the board is operating out of Regina.

Mr. Swenson: — Are you saying then, Mr. Minister, that the commitment of the previous government, to have it operate out of Weyburn close to the oil patch, is not going to happen at all, that there's been a policy decision to make sure that doesn't happen? Or may that happen in the future?

Hon. Mr. Penner: — The policy decision that we made is to move that board . . . or keep that board in Regina. Two of the members live in Regina; the other one lives in Swift Current. In order to have cost-saving measures in place, we decided to have the board in Regina rather than moving it to Weyburn. That doesn't mean to say that it's cast in stone that it will always stay in Regina, but for the immediate term it'll stay here.

Mr. Swenson: — Mr. Minister, the mandate of that particular agency was expanded somewhat in the last year. Had it been redundant for a number of years and it was reinvigorated and was given a mandate because of some things that were happening in the petroleum industry. Can you tell me if that mandate has been maintained, expanded, exactly . . . just briefly where this board is now, if it's working on any particular case or where it's at these days.

Hon. Mr. Penner: — Mr. Chairman, in response to the question, there's been no change in the mandate of the board since we've taken over. The mandate is exactly the same. The board responds to issues that are submitted to it by the minister and since I've been minister, the board has dealt with one issue and no new issues are pending at this point.

Mr. Swenson: — So we can be assured then, Mr. Minister, that the board is up and operating on the Gulf/Kennebar type of situation, that it is active, that it is ready to go, that the funding is in place, and that if there is another situation arising that the board then is prepared to act?

Hon. Mr. Penner: — The answer is yes.

Mr. Swenson: — Thanks, Mr. Minister. Well my final comment, Mr. Chairman, in this area it seems that the Minister of Energy definitely has an expensive criteria compared to some of his colleagues when he's choosing board members. This one is worth 608 bucks. So we've gone from the lowly types on the first board, when we examined, at \$100 average, to 300 on another one, and now we're at 608.

It seems that the harder we look, that all the promises made by New Democrats to not indulge in this patronage stuff in the last election has fallen by the wayside. And every board that's been examined so far in this House has a criteria attached to it. And this one has a very significant financial contribution.

And I must say to the minister, besides being very forthright, you also seem to have the ability to hold out for a higher price, and I congratulate you on that. I'm all done, Mr. Chairman.

Mr. Devine: — Thank you, Mr. Chairman. I would like to address a few questions to the Minister of Energy with respect to several energy options.

And I just, in the beginning, want to know whether the minister is comfortable with answering some questions with respect to some of the newer technologies that include the integrated gasification cycles and some of the new efficiencies in CO₂ (carbon dioxide), and also some of the new information with respect to various oil options, biomass; and if he's prepared perhaps to even answer a few questions, in theory if he likes, on nuclear energy and various kinds of other sources of energy which might be linked to wind power, and solar, and other things related to the energy business. Is he prepared to open up and discuss some of these various energy options in the province of Saskatchewan?

(2100)

Hon. Mr. Penner: — Mr. Chairman, in response to the question from the Leader of the Opposition, my department is engaging in a comprehensive energy strategy where we will be going out and doing some public hearings and determining what the energy options and strategy for the province should be, what policy we should have in Saskatchewan.

The other items that the member mentioned, I would be happy to comment in a general way. But in a specific way, some of those would fall under the mandate of SaskPower, and I would not want to be standing here committing SaskPower to any one of these options. But we've certainly taken a look at the IGCC (Integrated Gasification Combined Cycle). We're studying the possibility of an IGCC option on a power plant. It has obviously got possibilities. It's obviously also very expensive, as the member probably very well knows. And one has to consider the economics of it.

If however, as the member alluded to, some of the by-products of the IGCC or products of the IGCC could be used for enhanced oil recovery, there could be a synergy worked out by where we could save the atmosphere and also have an economic spin-off in the oil industry.

And we're certainly very interested in that. And as the member probably well knows because this is in his area, in the Midale field, the Shell project on the CO₂ enhanced oil recovery is a pilot project, and Shell is injecting a lot of money in it this year and even next year. But the problem that they have and that we all recognize is the source of the CO₂. And there is a possibility here for SaskPower and our department to work in conjunction on

an IGCC plant to supply the CO₂ to whoever in the oil field wants to use it. I think there's an exciting opportunity here which may take a few years to develop, but I think it's there.

Mr. Devine: — Thank you, Mr. Minister. I agree with you that there seems to be a good demand for various sources of energy and new technologies in energy. I'm going to read a statement here, and I just want to ask you if you would agree with this. It's just a straightforward statement; it's not complicated.

There seems to be a growing world-wide demand for technology, new technology, related to the development and extraction and the efficient use of all energy resources that we have in Canada.

Would you say that there is a world-wide demand for new technology on efficient, effective energy use? And would you say that that would be something that you and your department and your officials in the province would, number one, agree with? And number two, would you endorse that? Does that sound like a reasonable statement?

Hon. Mr. Penner: — Mr. Chairman, I think in a general way, the statement that the member, the Leader of the Opposition read is a statement that could be accepted, I think, by just about any Energy department in the world.

And there is no doubt that there is a world-wide need for new technology in energy production, energy use. And I think there's also a very, very big need in the world, not only in our country but everywhere, to develop new technologies for energy conservation. It is one thing to produce the energy, to produce particularly electrical energy, but it's, I think, equally important and maybe even more so in today's economy to conserve some of the energy.

And I think that's an area that we would really like to zero in on, and the Energy Conservation and Development Authority is set up for exactly that purpose — to provide input into conservation as well as development of new technology for the industry.

Mr. Devine: — Thank you, Mr. Minister. Given the fact that we have things like, for example, coal and oil that our neighbours have — North Dakota has, Manitoba, Alberta — would you consider it to be a reasonable idea to co-operate with other jurisdictions in developing some of the new technology, commercial technology, advanced technology, in terms of coal use, solar use, oil or other forms of energy, particularly in the fact that you've got overlapping jurisdictions. Oil doesn't just stop at boundaries, coal doesn't just stop at boundaries, and certainly wind doesn't, and others. Would you generally agree with co-operating with other jurisdictions in the development of technology, co-operating with it, and for efficiency, for conservation, for all of these things that you just talked about?

Given the fact that there's a demand for it, are you in the mood for co-operating and does it sound like a reasonable thing to do with your neighbours or with other jurisdictions?

Hon. Mr. Penner: — Mr. Chairman, thank you very much for the question. I'm very pleased to answer a question like that because that's an area that I'm very interested in is co-operation. I am fully aware of what the member says, that resources don't stop because somebody drew a line on a map. And unfortunately, in Canada we have used these artificial barriers very often as a means of stopping the co-operative ventures between provinces. One of the things that I can say for certainty here is that our department and our government has been talking to the Ontario and Alberta and B.C. (British Columbia), particularly those three, on the use of coal for generating electricity.

As the member is aware, Ontario generates a large amount of electricity using coal. And we are one of the suppliers, and Alberta and B.C. are the other suppliers of this coal. And we're interested in co-operating with them to make sure that we have transportation systems in place that are economical so that we can ship this coal.

We're also talking to these three provinces regarding an IGCC unit on a power plant which we may be able to build co-operatively with them as a demonstration unit. And if that could happen, the technology could be sold all over the world.

In the area of air quality, and I think it's a very important, it's a very important area in our society today, particularly when you're burning a lot of coal to generate electricity, we want to co-operate with the rest of the country, in fact with the rest of the whole continent, on pollution control and air-quality control.

And these are areas I think that you cannot draw boundaries, as the member well knows, boundaries on the ground and say this is where the pollution stops and here's where it starts. So these are things we have to co-operate in order to survive, and our government and our department are certainly willing to do that.

Mr. Devine: — Thank you, Mr. Minister, I appreciate your response. From that I gather that you would consider co-operating perhaps with Manitoba or Alberta or North Dakota on perhaps some coal studies or coal gasification studies on . . . Well, let me just ask you specifically. Would you consider co-operating with other jurisdictions, neighbouring jurisdictions, on assessing the feasibility of various kinds of coal, clean coal combustion, integrated gasification combined cycles — and you know about those — or the commercialization of technology, CO₂ fired plants, development and commercialization for uses of recovered CO₂?

Would you enter, would you consider entering co-operative arrangements to study the feasibility of that with, say, North Dakota or Manitoba or Alberta or neighbouring jurisdictions? And all I'm saying is, would you consider co-operating and looking at the feasibility of that because coal cuts across borders and gas does, and we're out here in western Canada. Is that something that you might look at?

Hon. Mr. Penner: — Mr. Chairman, I think I can give an unqualified yes to that. We would certainly be interested

in that because, as I maybe took too long to say before, but these resources do not stop at borders. And we are very interested in co-operating with other jurisdictions that have similar problems and similar aspirations as we have because I think we're all aware in our society today that we cannot do these things in isolation. It's too expensive, in the first place, and the other point I want to make is that there's no use reinventing the wheel over and over again. If we can do this co-operatively and all benefit from it, I think that there's an unqualified yes to that, that we're willing and interested in doing that kind of thing.

Mr. Devine: — Thank you, Mr. Minister. I appreciate that. Would you also be prepared to co-operate and assess the application of energy efficiency in looking at new technologies that might help in agriculture? And we've got some . . . obviously want to reduce the costs in agriculture, agriculture inputs, and improving the efficiency of electricity, looking at ethanol with neighbouring provinces and studying propane, examine the feasibility of all the uses and technological advances in things like ethanol, propane, some new efficiencies, new kind of motors.

As well would you consider co-operating in assessing the feasibility of things like biomass which has some potential in some places: forest products for fuels or other uses for woods, peat moss for power, alternate uses of transportation fuels — again propane, natural gas?

Would you co-operate in just studying the feasibility of this with other jurisdictions? Because, in your words, it's too expensive in isolation, perhaps, to do this on your own but if you had neighbouring people do it . . . or maybe you could have a joint venture. All your departmental officials maybe could drive propane trucks or natural gas cars or something to say, well we'll try it. We'll go ethanol or something. Would you consider at least initiating discussions with neighbouring jurisdictions to assess the feasibility of things like that here in the province of Saskatchewan?

Hon. Mr. Penner: — Mr. Chairman, I thank the member for the question because these are things that we're very interested in doing and particularly with the energy strategy that we're hoping to develop in the course of the next year. Many of these things will fall under their jurisdiction and will be considered.

One of the things that the member mentioned that I'm particularly interested in is using natural gas in automobiles, probably even in farm tractors or highway transportation, locomotives, etc. These are possibilities, and since this province has an abundance of natural gas, there's an abundance of natural gas in western Canada, it seems to me that this is a logical fuel for us to use. It's a matter of making it practical and economical for people to purchase the equipment to use the natural gas. And then it's also a matter of distribution.

At the moment there are a few natural gas vehicles around, but it's the same old problem that we had with propane a few years ago where there weren't enough stations for somebody to have a propane vehicle. And that becomes more feasible and more practical.

I could spend some time talking about ethanol, but all I really need to say here, is at the moment the production of ethanol is probably a little bit too expensive in relationship to other fuels. And until we can come up with a system of producing ethanol that is more price sensitive and more in line with other fuels, I'm not so sure what the future prospects of ethanol usage are. But it's certainly one of the things we need to take a look at.

And the same as the member mentions with biomass forest products. But we hope to do a comprehensive energy strategy, have a lot of these things, have a policy in place. And as far as co-operation is concerned with other jurisdictions and us initiating them, I can only say that we're interested in this. We will certainly be willing to proceed on that line.

Mr. Devine: — Thank you, Mr. Minister. I appreciate that. So if I was to say . . . if a neighbouring jurisdiction come along and said that I'd like to evaluate the feasibility of determining new opportunities and mutual benefits of perhaps implementing fossil-fuel research to encourage the development and application of new technologies in oil — because we have a lot of it — in coal and natural gas resources, try to diversify our resource base . . . Such technologies might include field scale, upgrading, enhanced oil recovery, improved coal and oil transportation systems.

That would fit. That would fit what you've just said, that we have a lot of it. It's an abundant supply. We have neighbours. And if they would co-fund some research in this, whether it's ethanol or whatever, a feasibility study in that area or those areas would be something that the province under your department would seriously consider.

(2115)

Hon. Mr. Penner: — Thank you, Mr. Chairman. Thank you for the question, to the member opposite. The questions that the member has asked are very interesting and I think very relevant in today's society. And I will say to the member that last September, I believe, there was an MOU (memorandum of understanding) signed between Saskatchewan and the federal government which alluded to a lot of the things that the member has mentioned. And our department and our government has accepted that broad umbrella, MOU as we call it. I don't know if that's the proper name for it, but I think he knows what we're talking about.

And the things mentioned in that MOU are things that we can relate to, the things that this department would be willing to work with, in co-operation with either the federal government or other jurisdictions that have similar interests as we have. We have to, and I think in order to survive in this industry and in this business, we have to co-operate and not spend the same amount of money in each jurisdiction to develop the technology.

So yes, we are interested in that and we would certainly be willing to co-operate. And we've indicated the same to the federal government, that we would be willing to go along with that. Some of the things that you have mentioned, we've already begun discussions with them,

but they're in the preliminary stages.

Mr. Devine: — Well thank you, Mr. Minister, I appreciate that. Obviously you're aware of the potential in all of these areas.

Given the fact that you have acknowledged that you would enter into an agreement, or consider an agreement to evaluate the feasibility of the things we just talked about — that's all I said, evaluate the feasibility — would you be prepared to evaluate the feasibility of nuclear energy on the same basis? Because we have a lot of it; we have a great deal of uranium. Would you be prepared to enter into an agreement with neighbours or the federal government to evaluate the feasibility of all the nuclear options?

And the same verbiage I'm sure you're aware that I just talked about in gas and oil and biomass is the same verbiage that people talked about in terms of uranium and the nuclear industry.

Would you be prepared to work together with other jurisdictions, like the federal government, to evaluate the feasibility of establishing nuclear research and nuclear technology in the province of Saskatchewan? The same verbiage that you whole-heartedly agreed with in other forms of energy which you admit we have a great deal of, and it's expensive to do it by yourself.

So I'm careful with these words and I was careful when I asked the first words, and your response was quite deliberate. Would you be prepared to co-operate with the federal government in evaluating the feasibility of establishing nuclear research and technology here in the province of Saskatchewan?

Hon. Mr. Penner: — Mr. Chairman, in the time that I have been in this portfolio and this government has been in place, we have indicated to the federal government on several occasions that we are willing to talk to them about nuclear research, about nuclear development, the possibilities of the technology. We have indicated to them on several occasions that we are willing to do that. And the government is willing to enter into agreements with other jurisdictions to study the feasibility, to study the technology, to do the research on that fuel as well as on the other fuels.

One of the things that we mentioned when we established the Energy Conservation and Development Authority, we specifically listed all the areas which we wanted this Authority to take a look at — and I don't have the list sort of off the top of my head — but all the different forms of generating electricity were listed there, and nuclear was one of them. So we're not closing the door and saying that we're not interested in research, in developing technology, and feasibility. Those are all things that we can accept and go along with at this point. So I hope I've answered the member's question on that.

Mr. Devine: — Well I appreciate that, Mr. Minister. Now from that, I would gather that if you are genuinely interested in at least discussing a co-operative agreement with the federal government to evaluate the feasibility of this, then you must, I would think, logically be prepared

to include an evaluation of the feasibilities of nuclear research and technology, nuclear technology world-wide. I would think that would be fair ball.

What are they doing with nuclear technology in the United States, in France, in South America, wherever they're doing it? That would seem to me to be something that you'd be interested in. We certainly do in oil and in gas and in wind and in solar and others. We don't logically avoid looking at information. So I would gather that you would be prepared to study on a co-operative basis the feasibility of using technology that is used world-wide. That's the first question.

Would you also be interested in doing research on nuclear physics, nuclear medicine, agriculture radiation, related technologies to simulators, lasers, and radiation processing? Would that be fair ball in terms of the kinds of things that you'd want to look at? The nuclear fuel cycle, like the oil cycle, the fuel cycle, the coal cycle, the gasification cycles — would you be interested in looking at the fuel cycle? And if you're interested in what you're looking at, what you do in the fuel cycle, then would you be interested in looking at what happens in the fuel cycle when you have nuclear energy. How do you spin it out? How do you rework it? How does France do it? How do other people do it? I'm sure that you see where I'm leading. Are you prepared to study it in depth? All of it. So that you know what you're talking about when it comes to the fuel cycle, it comes to world technologies, it comes to the latest information on what we're doing.

It seems to me you are very close to saying — and I would never put words in your mouth, but saying — that you are prepared to at least entertain a co-operative agreement to study the feasibility of all forms of nuclear energy, which I think you would, including how it works and the cycles and what it generates at each cycle, so that you know what you're talking about. Is that a fair summary or would you like to summarize that in some other fashion?

Hon. Mr. Penner: — Well, I think maybe I'll use my own summary but I think it's . . . your summary really isn't all that far out. I think in Saskatchewan over the years at the university level particularly — and I'm sure you're more aware of this than I am — we've had research in the nuclear aspect, particularly in the nuclear physics aspects, the medicine and so on — it's an ongoing thing. It's not something new to this province. There's no reason in the world why we would want to stop research in this area.

I can agree with most of the things that you have said in this regard. If it stays with the study of the technology, the feasibility, these are the kind of things that I can buy into, that I could accept. I think we're maybe being a little cute here but I think we know what we're getting at.

As a minister of Energy I can accept those kind of things, and those are the kinds of things that we have been discussing with the federal agencies — they're basically the only agency that you can discuss this with because there aren't too many other agencies in Canada that do any nuclear research and nuclear work — so we have been discussing these with the federal agencies.

We're willing to continue that on a co-operative basis but, I may as well just spit it out, we're not ready to make commitments to developing a nuclear industry as far as electricity is concerned at this point. We're not prepared to go into a waste disposal system in Canada for nuclear waste. But as far as the studying of the nuclear cycles, the nuclear industry and the uses of it are concerned, yes, we are interested and we have indicated that very clearly to the federal agency.

Hopefully, we'll be able to work something out so that we can develop the industry, or at least part of the industry here in Saskatchewan.

Mr. Devine: — Well thank you, Mr. Minister, I appreciate that. Now I will be as careful as you are. You see, I think you are very close to studying the nuclear energy as an option in Saskatchewan, not to use here but to know about it. Because if you're prepared to study nuclear technology world-wide . . . well how did they make electricity with nuclear energy? They make it with electrical generators. Right? That's what they make it with, so you have to study that.

So how do the generators work? How do the light water reactor works? How do the heavy water reactors work? How do they work? I mean obviously if we're going to know about it, we've got to study it, which means we would have to study how the New Brunswick nuclear reactors work, how the Ontario reactors work, how the Japanese or how the French or the American reactors work.

We could be leaders in research to know how best to run them, how best to operate them. It's part and parcel of that industry. It's like you've got to study oil; well how do you take CO₂ and generate the electricity? How do you use it in coal gasification?

So, Mr. Minister, I think you have said in a very common sense manner, in a very straightforward manner, that Saskatchewan under your administration — at least as far as your department and your portfolio — you would be prepared to study the feasibility of various world options in terms of nuclear energy which includes: how does it make electricity, how do the cycles work, how is the fuel cycle work . . . To be knowledgeable about it so we could teach about it, so we could have it at the university, so we could understand. You see where I'm leading you. Or I'm not leading you, but you see where I'm taking . . .

For us to be absolutely the best in the world in knowledge in the nuclear industry or coal industry or gas industry, in electrical and generation of power, would be a benefit. Now I think you would agree with that, and I'll let you respond. But if you are prepared to study the nuclear industry, you would have to be prepared to study how you make electricity which means how do reactors work and, number two, the fuel cycle which is part of it.

Is not that a fair statement, that if you are open to that research it includes the cycle and it includes the reactors that make electricity? I didn't say make them, and I didn't say store them. I said study how it works so that we know how the cycle operates world-wide and how it would operate here and how the reactors work under various

technologies: heavy water, light water, the new technologies that AECL (Atomic Energy of Canada Ltd.) has or others.

Is that a fair summary, that if you are prepared in theory to co-operate with the federal government to study that research, it would include what I've just talked about? I'll just let you respond to that.

Hon. Mr. Penner: — Mr. Chairman, the member has summarized it fairly well. I think maybe if there's any exception I would take to what the member has said, is he's laying out a very broad research pattern, a very broad research program for the province of Saskatchewan, which may not be practical or may not even be feasible in Saskatchewan because of the resources. So it would be very difficult for me to say a qualified yes or a firm commitment that this is the whole package.

But certainly, many of the things that the member has said are within the jurisdiction of the offer that we have made in our discussions with the federal government. As I have indicated in this House before, and I have indicated it publicly, we have made those kinds of overtures to the federal government, to AECL specifically, to do the research in Saskatchewan so that we will benefit from the opportunities of employment, benefit from the technology that may be developed. There may be sales for it, the sale of technology. If we can't sell the product, we can certainly sell the technology.

And we have indicated to them that we are very willing to do this. But we have certain limits on it. And I think the member understands the limits. I have indicated the limits to him. It would be difficult for me to say we're going to go into all of them, for the simple reason that a person is never quite sure how many resources you have to allocate to the research and the technology that is required.

But certainly, in broad terms, yes, we would agree with that. I would agree with that, that that's the direction we should go. And we've made no secret of it. We've made this fairly public that we've indicated that we want to do this.

(2130)

Mr. Devine: — Well thank you, Mr. Minister. I appreciate that. Now I'm not going to put words in your mouth, but I'm going to get very close, if I can.

It seems to me that you just said that we could conceivably design new technology here in Saskatchewan, and even market that technology world-wide when it comes to energy options, including nuclear. So if we could be the best at the university, or the best in your new science centre, or the best whatever, on nuclear design, that would be a good thing. If we knew as much or more than anybody else on how to design reactors, how to market them, how to market technology, how to market various new methods in the fuel cycle, whatever, that would be a good, positive thing for Saskatchewan to have in the long haul, given the fact that we have, as you put it, this abundant supply of this massive amount of energy. And we have the

environmental problems and some other things.

Is that true, that you're saying it would be good for us to be at the top of heap world-wide when it comes to the best technology and the knowledge and the science related to the nuclear industry?

Hon. Mr. Penner: — I will certainly say this much, that there're certain aspects of the nuclear industry that I think we would love to be the best in. If we could be the best in nuclear medicine in the world, you know, we'd love to do that.

I will not specifically say anything about reactors because that's where we get into the fine line, you know, whether you design the reactor or when you have the technology is the next step to design. So it's a little bit of a shady area for me, so I'm not going to be specific on that.

But there's no question that the people of Saskatchewan and certainly the institutions and the universities and other research institutions want to be the best. We want to sell this technology. We want to sell it world-wide, and we are doing that. As the member well knows, you know, we are leaders in a lot of areas in the world and we're selling technology.

And we certainly want to do this as far as . . . in a nuclear aspect as well. If we can reach an agreement with the agency, the federal agency, to bring some of that research from Ontario to Saskatchewan, hey, we want to do that, and hopefully we can develop an industry here that is going to be top-notch and we can sell the technology to other countries.

I'm going to be very careful in choosing my words here, as the member's very careful in choosing his words, that this government at this point in time is not committed . . . it will not commit to a reactor and will not commit to waste disposal. And we're not anxious to do a lot of research that's going lead us into that path. We want to sort of stay off that path, but we'll certainly follow other paths of research.

Mr. Devine: — Well thank you, Mr. Minister. What I want to get at is that I'm leading this, as they say on the farm, leading this horse up to the trough and I'm trying to see if it's going to take a drink of this water, of research. You have said up and to a certain point you're prepared to do the research on nuclear technology. But are you saying you won't do research on how you make electricity out of nuclear technology? Because that's a reactor? That's what it's called; it's called a reactor.

Now the reactor is a political word, I suppose, for some people, but that's what it does. You take the uranium and you process it in certain technology to make electricity. That's what it is, and that's what they do in the United States and France and Great Britain and Germany and Japan and China and every place else. And we do in Canada.

And you're saying — I just want you on the record — you will not do research on how you make electricity from uranium, yet you want to have the research institute here be the best to study world-wide nuclear technology. And

I'm not trying to box you in; I'm just trying to clear it up because I think you are close. I think we're both close. I think the province is close to having a very good research agreement — research, research. Not making, not manufacturing, not storing, but researching how you make, researching how you market, research how you store, research the fuel cycle. Knowledge. See? And you know what I'm getting at. If the agreement was knowledge on how to make, to market, to manufacture, to use, to cycle — that's kind of a win-win, isn't it?

I mean you can say to whoever you wanted to say to, look I didn't say I'm going to build anything. I want to research. If I wanted to know the best kind and the best technology, the most efficient, the most effective, then I'd have to look at a thing called the motor. I mean when you're in the automobile business, I'll do automobiles, but I guess I just can't study the motor because the motor has a political connection or something. Well the motor here is the technology that takes the uranium and makes electricity.

And I know the politics that you face, and world-wide I suspect; you're not alone. But what I'm trying to get at is . . . And I'm trying to help because I think it's good for the province. It's good for you, good for everybody, the knowledge of that industry. And I think you've agreed. You're on record — and rightfully so — saying on all of these things that we've gone through on this agreement before I got up here, study the feasibility, study the feasibility of all this technology.

Wouldn't you . . . Isn't there a way, Mr. Minister, that you could agree to study the technology that includes the fuel cycle: what different reactors do, how they're made, how they function? Isn't that fair? Isn't that fair for Saskatchewan people to study how they work? We could make them; we don't have to use them. We could market them; we don't have to use them. Always a government in control decides, hey I'm at a point where I really think I'd like to use it or I'm not at that point. That's always a government's prerogative.

But to study it and to know when to say yes or no because you're fully knowledgeable as the case is in gas and oil and biomass and ethanol and propane and wind and solar . . . We should know all of it. Wouldn't the minister agree just logically it would be a good idea to know all the information on nuclear energy, including studying how a reactor works and how the fuel cycle works? I mean isn't that what it's about?

And aren't you close . . . And I take you at your word. You want an agreement with the federal government. I think we're almost there. I think we are there. We just have to sort of put the two fingers together, touch the dime, and we could be on with some really interesting research. And I think you're close. I'm not going to put words in your mouth. And you're astute enough and skilled enough that I won't. But I want to . . . well I just want you to respond again, if you would, because I think you can get an agreement.

Hon. Mr. Penner: — Mr. Chairman, I would like to respond to what the member has said. Very often when we do research, it doesn't end up being pure research. There's usually a string attached to it. You know, there's a

caveat attached to it.

And in the case of nuclear research in Canada — and I don't have to explain this, but I'll put it on the record — that the people that do nuclear research in Canada is AECL, as we all know. AECL is in the business of research and selling CANDUs (Canadian deuterium uranium) to whoever is interested in buying these CANDUs or other electrical generating equipment. That's what they're in the business.

And I guess one of the difficulties we all have — at least I have and people on our side of the House, the government side of the House certainly have — is that pure research can very seldom be separated from some other strings, some other caveats attached to it. If we could do the pure research, the things that the member has mentioned, you know, the fuel cycle and how a reactor works, would not cause . . . I believe it wouldn't cause anyone any serious concerns.

The problem that we have in Canada, as I think the member well knows, is that there is only the one agency, and that agency is in both. It's both in the research and also in the sales aspect of it, and very often when you tie into one, you get tied into the other. And I guess that's the concern we have. And possibly we can reach an agreement. We're working very hard at it. We're trying to reach an agreement where we're not tied into the one if we take this one.

And hopefully we're going to arrive at that. And you know, you are probably very close to being correct, that, you know, if you could get . . . they're that close together, if you could get them to touch, it would work. But that's sometimes the most difficult stretch to go, that last little bit. You know, you can come up to there, and then you can't seem to make that final deal.

But I have no problem indicating to this House and to the Assembly and to the public that is listening, that we have sought an agreement and we are seeking an agreement to do the research. But since we're dealing with an agency that also wants to sell them, there seems to be a bit of a problem.

Mr. Devine: — Well in other words, Mr. Minister — you can correct me if you like — you don't have a problem in doing research on nuclear energy, as long as you're not committed to using it. Nobody ties you to using the nuclear energy. So you could study the design of the cycles, you could study the design of reactors, you could study the construction and operation of reactors, you could study the world-wide nuclear technology fuel cycle.

In other words, you're not afraid of the knowledge. That's what you're saying. You're not afraid of the knowledge, and the knowledge includes design, manufacture, construction, operation, fuel cycles, all of those things. You would like . . . It's fair enough to know about them. Your problem is — fair enough — you don't want to be pushed into necessarily using it. I understand that. I have the same hesitation, as I stand here. I have the same concern on any technology. I want to know before I use it.

So if there was a line in an agreement that said, you don't have to use it but you will commit yourself to studying how it works and how it operates, then I don't think you'd have a problem — I mean, in terms of just the knowledge base itself. You know that you don't have to do coal gasification. You can study it till hell . . . Hades freezes over. You can study solar, you can study biomass, you can . . . you never ever have to use it any more than you want to.

On this one, you said, for environmental reasons or political reasons, I just want to make sure I've got a line in there that says I don't have to use it. But I am prepared to study it. I am prepared to study how the motors work, how the cycle works, how they operate, the efficiencies of operation, how we could have better design, incremental, smaller, easier, environmentally safer — all the rest of that stuff. I'm sure what you're saying is you don't have a problem with all that knowledge. You want a safety valve that says, but I might not want to use it. I might make them, manufacture, sell the technology, teach about it, market it world-wide; I could make the stuff here. But I might not necessarily want to have one myself.

Is that a fair summary of where you are? And if you had a line in an agreement that said, or a stronger line in an agreement says, well we always reserve the right, whether we're going to use the technology or not, but we want to be the best in every aspect of knowledge of all of this, would that get you home? Would that get you closer to a co-operative agreement setting money aside? Pick a number, whatever it might be — 10 cents apiece or whatever. But assuming that you can come up with appropriate money over a longer period of time, is that a reasonable kind of line that could get you, you know, down the road, that you could manage the, you know, the public as we all need to in administration of energy or agriculture? Is that close enough? Is that what you would look for?

Seems to me that's what you're asking for. And if that is right, if you will do all this . . . And we can read the whole agreement here in the legislature, and it's feasibility studies — and you know it and I know it. And we'll table it tonight. If that's it, and then you had another line in there that said, but we always reserve the right whether we're going to use any of this technology ourselves — and include the whole works — would you be closer?

Would it be close enough that you and I, as sort of political adversaries, could lock arms and say, you know, I'll bet we could do this; I'll bet in the province of Saskatchewan we could get this done. And the Minister of Energy, or the minister of Power, or the Premier, or whoever, could pull this off and could get it done. It's that close, and it's important. You know it's important. Energy is important. Knowledge is important. We are a big knowledge energy province in terms of reputation. Is that pretty close? Is that getting pretty close to what you would have to have to get this done?

(2145)

Hon. Mr. Penner: — Well, Mr. Chairman, pretty close can be pretty far. You're never quite sure where that is at. The member opposite is concentrating fairly heavily in

his questioning on the reactor. I'd lean more towards other kinds of research. The reactor research is not . . . We're not opposing reactor research, but I wouldn't want to concentrate heavily on that at the expense of something else.

I think as a society and as a government and as a people in this province, we would be far more interested in doing research in the area of nuclear medicine and food irradiation and so on. These would probably be higher priorities for us than moving into the reactor field because I think I know where that leads us, and I think we all know where that leads us eventually. If you get down the road too far, it's pretty difficult to say no, and it's very difficult to put these iron-clad lines or barriers in that say, this far and no farther. It's possible. Now I won't disagree with that.

But I'd be more interested in pursuing other aspects of nuclear research. I'm not excluding this one. I'm not saying we wouldn't be interested in doing this, but it would be of a lower priority than some of the others.

Mr. Devine: — Mr. Minister, I agree with you whole-heartedly with respect to, this isn't everything, it's just part of the package. And part of nuclear research is the motor that generates electricity, which is a reactor. We've got the word out now and we're talking about it, and you study it and how it works.

That's why in the agreement there is all the research with respect to medicine, agriculture. We might not use it in medicine. We may find, well that's fair enough for cancer treatment; this isn't. It could lead us down a path that's wrong. We make those decisions. But I agree with you 100 per cent. There's coal, oil, gas, and in nuclear energy there's medicine, there's food irradiation, there is all the technology that we can use that is for all kinds of purposes. But you see what we're hung up on this agreement is, fair enough, but there's that word "reactor". We can't study how the motor works.

Look, all I've said is that is there a way to get you comfortable enough that you can study all this, including the motor, and the cycle to know how it works, because even if you're doing cancer research, and you're taking the generation of nuclear electricity and the atom, itself, it's a cycle, and you can cook it up and you can bring it down and you can use it again and use it again. You need to know about that.

What I'm after is that . . . and I quote you, and I think you said — and we'll have it in *Hansard* — we're not opposed to reactor research. You just said that. We're not opposed to reactor research. So if you're not opposed to all this research, you're not opposed to reactor research, you're not opposed to fuel cycle research, then all you need is something that says, I might not use this but I want to study it, and then we'd be there.

Now maybe we need to spend some more time on how we say: but I reserve the right not to use the nuclear medicine research or the nuclear agricultural research or the nuclear reactor research, but I want to know and be the most knowledgeable in the world in all of it.

Now there must be some lines lawyers could dream up or some other people — school teachers, professors, or whatever it is. They could say I want to know all about this but I don't necessarily will use it. I might not use it. You see how close that is? So you are, and if we can go through what you've said here tonight, and I think your cabinet . . . with respect, most cabinets say, I want the knowledge industry. We're in the information age, clearly we are. Technologically information age, education and everybody knows that. And you have said that you are not opposed to research, even on reactors, even on fuel cycles.

So we're not trying to cut a deal in public here, but we're getting close, Mr. Minister, very close for your administration to form a co-operative deal with neighbouring provinces and the federal government on all kinds of research including reactors. All we need is a way for you to be able to say to your public and your constituents, we don't necessarily have to use any of it but we're certainly going to know everything there is about it. And then we get the jobs and the spin-off and the knowledge-based industries that put Saskatchewan right up there, because as you point out, we've been blessed with the resource.

So again, aren't we extremely close to getting an agreement that would put all this together in a package that Saskatchewan could endorse? Isn't it very, very close?

Hon. Mr. Penner: — Mr. Chairman, let me just comment on one statement that the member made. I don't want lawyers to write any agreements because nobody can read those and understand them. It has to be written in layman's language so that we know what it says. I want to be able to read it and understand it, so it has to be written by someone that writes English.

The member opposite is saying a lot of things that we've already discussed several times and I will repeat again — I don't want to do this too often, but I will repeat again — the commitment and the objective of this government. As I said we've made this public so this is no secret. I'm not giving any secrets out of school here.

We do want to enter into agreements or agreement with the federal government through whatever agency it involves, to develop technology, to do research, to market this research, to use it ourselves, whatever economic spin-offs we can get off this. We also have to keep in mind another factor here that we haven't discussed and that is the cost factor, obviously.

As the member knows that many of these research facilities are very, very expensive and hopefully that if we can strike an agreement with the federal government, that they will do a good portion or the bulk or maybe the whole funding of this for the simple reason that they're doing it now in a different province and there's no reason why they wouldn't do with the whole funding here.

So as a province we don't have — at this point — a lot of money to put up front on the table and say well here, go ahead. If we had all kinds of money it would probably be an easy decision to make on a lot of these issues. But we

don't have the money and therefore the negotiations are probably a little more difficult to come by when you're trying to negotiate with somebody that wants you to put up a fair bit of money in order to do this research.

If the federal government and its agency, the AECL, are willing to enter an agreement on terms that we can live with, we have indicated before that we are willing to talk to them.

Mr. Devine: — Well that's very good news, Mr. Minister, really good news.

Mr. Minister, all provinces, all jurisdictions go through the same economic cycles and our administration here and our province needs jobs, needs money. I agree with you. We do.

There is, Mr. Minister, as you know, a tremendous demand for energy world-wide. I can tell you from my personal experience — and you and I can talk about it — there's a demand for nuclear energy world-wide, and the best technology world-wide.

We as a nation just sold reactors to Korea — billions of dollars, billions of dollars. It's like a wheat market or an oil market. It's huge, Mr. Minister, absolutely huge. Billions and billions of dollars in demand for the technology, for how to manage it, how to operate them, how to build them. That's the fact.

And they pay, Mr. Minister. They pay dearly for Canadian technology and Canadian knowledge on how to manage that technology. It is a huge demand for Canadian young people, professors, academics, technicians, other people. That's a fact, Mr. Minister.

So you see what you're holding in your hand, and why I bring it up here. And I bring it up as sincerely as I've brought up anything in this legislature. You and I, when we have the opportunities in government, can create economic opportunities for generations — literally for generations.

Now you mention money. Would you entertain the possibility of other jurisdictions and the private sector working with you as a government to fund research, serious money? Hundreds of millions of dollars or maybe even billions of dollars coming into the province of Saskatchewan to study, make, manufacture, market, this technology world-wide? Not just coal, not just oil but nuclear?

Would you enter into agreements with Japan, China, the United States, the private sector world-wide, to be part of research and economics in a joint venture? In other words what I'm saying is that with an arm of government that you might set up which is research and so forth, with cabinet ministers on the boards, or whatever you might want, would you entertain the co-operation of the private sector locally, the federal government nationally, and internationally people who have been prepared to spend money on genuine research and then spend money and help do a joint venture with you, manufacturing, marketing this technology — manufacturing and marketing the technology on how you handle the fuel

cycle for the Japanese or the Koreans or the Americans or South Americans or the Europeans?

And you know why I'm saying that. I agree with you. We can't build it all ourselves. You were right to start with. We have the resources, but we don't have a lot of the money to process them and manufacture them and get them up.

If you want money and you want the jobs and the technology, there are people prepared to come and talk to you seriously about really long-term research and all of this capacity where you say, you know, we're not opposed to reactor research, we might even use and market the technology ourselves. We don't have a lot of money, but then of course I would suspect if there's a demand for information on the fuel cycle and reactors and knowledge and so forth, you would entertain money coming in, joint venture, do research that could lead to the manufacturing and marketing.

Isn't that . . . I mean if we don't have the money ourselves and the demand's there, we have the resource and we need the technology, then the only other way is, as you point out, somebody else's money. The federal government maybe could do it all, but would you entertain other governments and private sector partners coming in here and at least discussing in a co-operative way this massive kind of research on energy in the nuclear business?

Hon. Mr. Penner: — I don't want to speak here for the Economic Development minister here, but the philosophy of this government is that we welcome private money, private industry to come and help us build this province and establish industries in this province. It's no secret. In fact several of the projects that we're working on right now are dependent on whether the private sector can raise enough money to initiate the project, and then we're willing to be a partner with them.

I won't mention any of the projects here, but they are projects like that that we're aware of, you know. And it's a matter of getting the private sector to put up their money so that the risk isn't all taken by the government, isn't all taken by the taxpayer, that a good portion of the risk is taken by the private sector who ultimately, if they invest, will benefit.

And we're not opposed to money coming from other jurisdictions. And if it's offshore money that wants to develop an industry in Saskatchewan, I imagine that the Hitachi plant in Saskatoon is basically offshore money. I'm not so sure that there's too much provincial money there. And we're not opposed to those kind of ventures if the opportunity came along, and we would pursue the opportunities if they came along to do development. I don't know what more I can say that . . . we are interested in this area. We have made those overtures to the agencies at the federal level that deal with this, and we're simply awaiting decision and discussions with them.

Mr. Devine: — Well thank you, Mr. Minister. I really appreciate your candid answers. We'll just take it a little farther. If, hypothetically, the federal government, AECL, Hitachi, Marubeni came to Saskatchewan and said, we

would like to do a joint venture here in research and manufacture of the latest technology, nuclear technology, the reactor technology so that we can market it world-wide, would you consider that?

(2200)

Hon. Mr. Penner: — I think everything I have said here this evening probably leads one to believe that we would consider that, and I guess before I would sign anything or make any kind of agreement is that I'd want to see the deal. I'd want to see the fine print. I'd want to know what it says. And if it's, as I'll repeat again, if it's something that we can live with philosophically and environmentally and industrially, there's no reason why this government wouldn't enter into agreements with partners, be they private industry, be they other government agencies. We're not hung up as to who the partner is as long as it's a reliable partner that we can live with.

But before I would commit to saying we'll enter into agreement, we'd have to see the text of the agreement and we'll want to read it very carefully, and regardless of what I said about lawyers before, I would get some lawyers to read the text of that agreement because somehow they seem to be able to interpret a little better. That's so that my colleague over here is satisfied that I'm not completely and entirely opposed to the lawyers.

Mr. Devine: — Thank you, Mr. Minister. Now I'm going to give you a little bit of verbiage just so that we could pursue this. If you had the federal government, AECL, Marubeni-Hitachi, come to you and say that, we wanted to work together with the province of Saskatchewan . . . mostly their money, okay? Let's assume that money wasn't a problem. It's mostly theirs — for that matter, all of it or most of it, so that you were happy. And we want to work together to evaluate the feasibility of establishing a nuclear research and technology program in our province, including the design and the manufacture of reactors, and the construction and operation of it and marketing of it. Would that be in the ballpark?

Hon. Mr. Penner: — I think it's pretty safe to say that just about everything you've said would be in the ballpark depending on how big you make the park, but it's certainly within the ballpark and I will simply repeat again, reiterate again for the record, that we are pursuing, we are pursuing negotiations. They're currently going on and we are pursuing negotiations with AECL and the federal government to develop research facilities in Saskatchewan, actually to bring the research facilities into Saskatchewan. I'm not sure that Canada can have two facilities. We can't make any firm announcement because there's no firm commitment at this point. But that's the stage it's at. It's at the talking stage.

Mr. Devine: — Well, Mr. Minister, this has been a remarkable evening for Saskatchewan and maybe for Canada, because I agree with you whole-heartedly and I believe you've been very straightforward and very sincere. As you know, I have just read the verbiage of the agreement between the province of Saskatchewan and the federal government. It's the very verbiage that's in here. And it's honest, it's straightforward, to study oil and gas and solar and biomass and including the design,

manufacturing, and marketing of reactors. I sincerely believe that there are firms and there are countries and there are the people who will finance it from here to Ying Yang, Nebraska. I mean, you know that that's a big demand. So you're right. I agree with you. I agree with you. It's good to do the research. And I honestly believe . . . And there's nothing in here that says we have to use any of it. You know that. And I'll table it tonight. It doesn't say we have to use any of it.

There always is a concern, well if you're doing all the research in it, maybe I'll use this, or maybe I'll use that. Of course that's there. But how are you ever going to do the research without saying, well maybe I'll like it. And maybe you will. Maybe for environmental reasons you'll like, you know, whatever it might be.

So, if we took this agreement . . . It's got my signature. No, it doesn't have to be my signature. But it's got the federal Minister of Energy's signature on it. If we replaced my signature with your signature, this agreement is no more or no less than what we've talked about here tonight. And here it is. It's no more or no less. In fact, it even pays the provincial government if you want to back out after three years. They even give you money.

I'm not pushing partisan politics here. I am very sincere about what we've talked about here tonight. I think, sir, you are very, very close to a genuine, honest, agreement in energy research that could put this province ahead of any other jurisdiction in Canada because we've been blessed with resources.

The demand is there in the billions. And you are very close because all you want the assurance of, and you've said it here, is so that we don't necessarily have to use it if we don't want to. And I'm sure that can be written in here. Write it in again. It's already in here because all this says, is to work together to assess the feasibility of this research.

So I won't push it any farther, but I think we're very close. And I think the federal government should be aware of the fact that you're very, very close, and that this kind of an agreement would be good for everybody in Saskatchewan, let alone, and frankly, everybody in Canada.

Could I have the commitment of the minister? I'll table this. Would the minister look at this agreement again and give me his commitment that he would — and I don't necessarily mean tonight, Mr. Minister — but would you take it, and study and look at it carefully. Look at it carefully. And could you suggest . . . And you don't even have to do it in the legislature. Could you suggest to me words, words that would give you this back-stop so that it is research, and marketing, and manufacturing, and exporting, and all those things, but you don't necessarily have to use it at home.

I mean, that's what you want. I would like you to take this agreement — which is a research agreement — and would you give me your commitment that you would look at it carefully, in as genuine as you were tonight, both of us, non-partisan research — big, big jobs, big money, big potential for the province of Saskatchewan. And I mean, it would be a good bouquet to any

administration.

Would you look at it and get back to me on how you might take this agreement with as little modification as possible, or whatever line you might want — and maybe you won't use lawyers, but you'll use somebody else — so that you could sign something like this on the presumption — and I know that it's real — that I believe that the private sector and other jurisdictions would be just lined up to come into Saskatchewan. Some of them are here now.

Engineering companies are here now. They want to get into this research. It's in agriculture, medicine, energy and recycling and all of that. They want to do it. They want to. They would come here to do it. You know it. And if you want more evidence of that, I'll give you lots of evidence of it, that this agreement is very close.

If you want a line or two underneath this that says, but let me say again, we are not committed to using this, this is our research. We'll study it, we'll know all about it. We'll decide to use it when we want to use it. And that's a given. You never have to use anything, but to research it.

And I understand how you have to say, well geez, that might be tempting to use technology. Well knowledge, frankly, is tempting. Knowledge is . . . I mean, we just had the literacy dinner and well, knowledge is very tempting. And once people get that, they get the vision, they get the dream.

Will the minister take this agreement and look at it carefully and find out what he might be able to add that says, we're there, we're home, except for, you know, I won't necessarily have to use this. And get back to us, either in the House or in his estimates, or get back to me outside the House or the legislature.

Because I think, Mr. Minister, you are very, very genuinely close to getting an agreement with the federal government. And if AECL and the federal government could be aware of this conversation and what you believe — and if you are indeed speaking as a minister can, for the cabinet and for the general caucus — then you're very close, really close to getting an agreement that could make Saskatchewan extremely . . . well, extremely interesting and certainly profitable and with a great deal of vitality and viability for the future.

And you would have no political problems from certainly this side of the House at all. And you would have a large sector of the community world-wide that know this is the best place for research. You'd have a load off your mind and you could be dreaming of the things that we could be. It's all the things you said tonight were right on the money. They were absolutely accurate. You're there. Well I'm encouraged, genuinely encouraged, that we could have this candid and frank conversation and go through this.

Now I'm going to table it. If you want to comment more on it, fine. And if you've got one, you might want to comment on it now. But if there's a line or two that you even want to talk about that says that well maybe we could maybe modify this or we could have another one

and say well I'll do all of this, but I'm not necessarily committed to using it, then I'd certainly like to know because — I'll tell you — I'll walk with you, drive with you, fly with you, or whatever it takes to put this together with the federal government.

Because if you and I could agree on what it took, maybe we could together open some doors. And it would be a win-win. There's no downside here. It's a win-win for the university, for Saskatchewan, particularly for the city of Saskatoon, for so many people that are looking for jobs and exciting opportunities. And it just opens up many things for the Minister of Economic Development, let alone your portfolio — just a whole range of things.

This side of the House unequivocally would certainly be prepared to do whatever it could to help you if you want to, in private or in public or some combination, say well here's what it would take. This line and this line and I'll tell you, we're home. It would be an exciting day for the province. And you would have our commitment that I would certainly go with you or help you or whoever you wanted to, to help get this done because this is the place for it.

And everybody in Canada, when you get them right down, they said, Saskatchewan is the place for this research, no question. And even though they want it in New Brunswick and they want it in Ontario, Saskatchewan is the place. The scientists will tell you that. We've got the largest uranium marketing and mining operation world-wide, and we have got a great university. This is it. This is the place. And you know it and I know it. So if we're just a line or two out, let's not lose it.

Hon. Mr. Penner: — Mr. Chairman, just a very brief response to what the member has said. I think I have the same copy of the memorandum of understanding between the Government of Canada and the Government of Saskatchewan that the member has over there, that he signed and the Hon. Mr. Epp signed on September 13, 1991. Same agreement.

I think I indicated earlier, and maybe it's sort of gone by since we've had such a long discussion on this, that our government has accepted this memorandum. We did not reject this memorandum. The one that we rejected was the SPC/AECL (Saskatchewan Power Corporation/Atomic Energy of Canada Ltd.) memorandum of understanding of, I believe, September 21, which was a subagreement to this.

And there's some things in here that need to be done and can be done very quickly. We've already talked to the federal government about setting up steering committees with officials and so on. So this is an agreement that . . . this is not an MOU that we have a great deal of difficulty with. The one that we had the difficulty was the SPC/AECL memorandum of understanding.

Mr. Devine: — Well that's very good, Mr. Minister. I'm glad to have that on the record because now we can . . . and it's fair enough. The people of Saskatoon, the people of the province can look at this agreement and know that you're in agreement with this agreement, this memorandum of understanding. And I think it is, it's all

research and it's as we say it is.

Now if your administration agrees with this, then I honestly believe we're home free. If this is fine, and we've carefully walked into this and we've carefully looked at the verbiage, carefully there — and it's not much of a legal document, it's a memorandum of understanding you do research on everything you can do in energy. Now if that's to bed, if that's done, then would you bring forward, and I don't have it with me, would you bring forward the subagreement and the parts of that that you are concerned about so that we might address that. And maybe some of it's financing. And I understand that. And some of it will be something, whatever else it may be.

And I know in that agreement, from my recollection, that if SaskPower doesn't want any part of it, it gets its money back. So I don't think it's financing but it might be. But maybe we could work out something else.

But would the minister give me — and he doesn't have to do it tonight — would he give me the specific concerns he has in the subagreement? Because if this is acceptable philosophically to his cabinet and his caucus, enough, you know, to get us over the hump, then it's only the subagreement that's left. And the subagreement was . . . this is the one that took the work. This one . . . I mean this is where we spent the time. And it took frankly years to get this one.

(2215)

But if you accept this, then could you just point out in the subagreement the things that caused you the concern, and you can do it tonight or you can do it some other time that you and I might be able to work on and see if we can get as close as we have on this one. This one we got done. And it's a good night. This one's fine. It's to bed and I'm sure the public will be very happy about this.

So would the minister take the September 21 agreement and just . . . if he could tonight, fine, and if not, maybe he could circle or write me or let me know some of the concerns he has in that subagreement and then we could take it from there.

Hon. Mr. Penner: — I'm not interested here in ducking the question, but the September 21 agreement, as the member knows, was between the Power Corporation and AECL. And my department . . . I'm not the minister responsible for the Power Corporation, so we rejected that one and I would like to just leave that one because that's not within my jurisdiction.

Mr. Devine: — Well fair enough, Mr. Minister, tonight. But you see the implications of what we're talking about here. I mean we can wait till the minister's estimates come up.

But you're the Minister of Energy and we're close to a very large agreement and can you recall anything in that agreement that we could talk about here tonight? Is there anything that you could give me some help in here so we could maybe get on with it?

Would you talk to the minister of Power . . . responsible

for SaskPower and get back to us on what specifically in there was the biggest difficulty, the biggest stumbling block, and then we could take it from there? Would you make a commitment to me to do that so that in fact we could discuss it, either in his estimates or yours or behind the rail or in your office or mine or something else?

I'm not going to put words in your mouth and I respect the fact it's not your portfolio. But I don't recall there being all that much in that subagreement that was any more frightening than this, other than the economics that SaskPower had to come up with some money and then the feds come up with some money, and it was a joint venture. But you get your money back if you didn't want to do it.

Now other than that I don't recall anything that was any much different than here. Can you recall anything in that subagreement that caused . . . that you remember discussing in cabinet that worried you other than the financing?

Hon. Mr. Penner: — Now, Mr. Chairman, I think I've mentioned this several times tonight but I will repeat this again. That the two things that we do not want at this time, we do not agree with: that we don't want any commitment to a reactor in Saskatchewan; we're not interested in any commitment to a waste-disposal site. And I think these are the two issues I mentioned time and time again.

We are interested in the research aspect of it but we cannot commit to those other two particulars in the document, and therein lies the problem. If the member wishes to discuss this with me at a later time or with the minister of SPC, I'd be happy to do this at any time, when he has time or when we both have time. I'd be happy to sit down and discuss this with him.

We have really nothing to hide here. I think we've been very up front. I think I've been very up front with where we come from, and our position hasn't changed since last November. That's what we said then and our position hasn't changed, and if the member would like to discuss those issues with me, I'd be happy to do that with him, privately or over a cup of coffee some time.

Mr. Devine: — Well, Mr. Minister, I agree with that. Let's not get off on something that we both agree on. You have said you have no problem with this memorandum of understanding on September 13, 1991. You've said that in here. You said you had no problem with it. And all this says is that you're going to do research on all of those things that we've talked about here tonight. Isn't that correct? Now either you're going to retract what you said in here or not. Nobody said in here you had to do anything other than research. Isn't that true? Isn't that what this agreement says? We agree to do research on all of them.

Isn't that what this says? You've agreed with this memorandum. You agree tonight that this is in here. We can read it verbatim, and we'll go through it, but just so we know. I know your concerns. But we're trying to build something. You and me and the province are trying to build. We know your concerns. You don't want to be

committed to ever using the technology on any of this, but you want to do the research in it. I agree with you. We can even say that again on the top and the bottom, but you agree with this memorandum, and you said so tonight. I agree with it.

Now in the SaskPower subagreement it also says this. And it also says in there — and we'll get it — that if you don't want to even participate in this, you get your money back. You don't have to use them in Saskatchewan.

We're in a serious conversation. What you and I are trying to do here — and I'm sure you are — is to have a very good research agreement with the federal government and even outside players; to research and to maybe manufacture and market this technology world-wide. That would be a win-win. Never use it ourselves until we want to. Whoever sits in your chair, the premier's chair, will make that ultimate decision 50 years from now.

But we can now decide to know everything about it. If you and I can come to agreement or if you and your minister of Power and some others, if you've agreed with this — and it's only research — then you don't have to say what you just said. I'll say that. We'll all say it. We will only use it if we want to. Full stop. Now once we get over that, then we're over the politics. Because then you can say to any of your constituents, I'm not using that and this government won't use it until we want to.

And what's that do? That says, fair enough. We do research on pesticides, on genetics. We may not ever use it, but we'll know what to use and what not to use and how to use it, and people come from world-wide to find out how to use it. I'm not going to give you a lecture on it.

So just to get us back here, you agree with this and this is solid research. And if your cabinet agrees with this, then we have to go to the subagreement and if it is only money, and there's no commitment there to use it — you make that decision — then we're very close. And we can add to that.

So if this is fine, again I would ask you for the commitment to look at the later document, the subagreement, and come back with any concerns that you might have with that agreement. I don't have it with me or I'd read it, and we could get into it. Maybe you do, but maybe perhaps you don't because it's not your portfolio.

Would you do that? And if you're fine with this, then would you tell us and talk it over with your minister of Power, where your concerns are with the subagreement so that we can address it? Would you give me your commitment to do that?

Hon. Mr. Penner: — Well, Mr. Chairman, I can only repeat again the commitment I've made. We've seen this document. This has been around since we've been in power, so around since September 13. And we accept the contents of this document. It's a research document. It's a broad . . . we call it an umbrella MOU of energy initiatives and so on. It's a very broad document and doesn't tie you down to any specifics.

And I'll say it again: I can accept this. This is a document

that we can accept. I can give the member the commitment that I'm very happy to talk to my colleague, the minister in charge of the Power Corporation and the Minister of Economic Trade and Diversification. I'm pleased to talk to him.

We're not, however, talking about an agreement or an MOU that we rejected. We're talking about an MOU that we are trying to negotiate with the federal government which is going to be different than that one. There'll be differences in it than the one that was agreed to on September 21. So I'll be happy to talk to him about that.

And I make that offer to the member opposite, that if he would like to discuss with me privately the initiatives and the direction that we're going, that I'm going, if it's possible for me to share that information with him, I'd be happy to share that with him. And I'm sure that my colleague, the Power minister, would do the same.

So I don't think that we have a major conflict or disagreement here. I've indicated several times, and I think somewhere early on in the conversation I already said this about the September 13 MOU. I think I mentioned that earlier. And I've also indicated the difficulties we had with the other one.

And whether the member sees them as real or perceived, we saw them as real. Other people may have seen those difficulties as not as real as we did. We saw them as real. And it was a decision for us to make, and we made it. And we're prepared to live with that, and we're also prepared to enter into discussions with the agencies to negotiate a new agreement.

Mr. Devine: — Well thank you, Mr. Minister. I am going to get a copy to table in here so that we all know what you and I have talked about. And I'm just making progress here so that when people are asking you, Mr. Minister, and asked your cabinet whether you have any problems with working with the federal government to evaluate the feasibility of establishing a nuclear research and technology program in the province of Saskatchewan that you don't have any problem with the 1991, September 13 agreement including:

- the design and manufacture of Candu 3 nuclear reactors;
- the construction and operation of a Candu 3 nuclear power station in Saskatchewan;
- applications for Slowpoke Energy Systems;
- opportunities for the safe, long-term management of nuclear fuel and fuel waste; Legislative Assembly of Saskatchewan
- nuclear fuel cycle developments;
- nuclear applications in medicine and agriculture;
- university research programs and the enhancement of university programs in nuclear physics, medicine and agriculture;
- related technologies, such as simulators, lasers, and irradiation processing; and
- the market of nuclear technology worldwide.

And to work together in all of the things in oil and gas and co-generation — all of that — that is in this memorandum of understanding. This is the memorandum of understanding that the minister said several times tonight

he has no problem with because it's all research. And he has a copy. I've signed it, Jake Epp's copy. He has it in his hand so that we all know that this is fine. It's a memorandum of understanding to do research. It's broadly based, and he's fine with that. You're comfortable. I mean, it includes all of the other agriculture, economic, CO₂, co-generation, natural gas, solar biomass, everything else, and I've just focused on this so that we could clear it up.

But this memorandum of understanding is acceptable to you and your administration. You've said it several times. And I just, you know, want to know because when we look at the subagreement — I'm going to obviously have it and look at it — it just adds to this. It's just part of this. And from my recollection, it has the numbers where the SaskPower has to come up with some money, and the feds do, and so forth, and you agree to do research.

And they're going to move. They're going to move AECL people to Saskatchewan. That's where they take all that marketing, manufacturing, research, and they move those people here which is a nice part of the subagreement which we worked hard to get. I'm sure you know.

I mean when you move FCC (Farm Credit Corporation) here, it's some work. I mean if the NDP win federally, I mean you'd know the negotiations you'd have to get into to convince the federal NDP Prime Minister to move bureaucrats from Ottawa or Toronto here. Well we did it in AECL. We've done it in Crown Life, and some other things, but that subagreement is about how we finance it and how we move these people out here. And that's the kind of, you know, what makes it real.

So this agreement that we both have in our hands and we've been talking about tonight, you have it. I've signed it. Jake Epp's signed it. It's here. You agree with that. It's on . . . That's a good start for the negotiations that you and I might be able to get into or I could help get into with the federal government. And I just want to confirm that this agreement is fine. It's a memorandum. And it's the details on the power agreement that you're going to get back to me on.

Hon. Mr. Penner: — Mr. Chairman, I don't think I have very much further to add to this. The hon. member read from the agreement, and I just want to read into the record what the key words, I believe, in this section that he read in detail here. It says: to work together to evaluate the feasibility. And those are pretty key words, to work together to evaluate the feasibility. And they're general enough and broad enough that I would have absolutely no difficulty agreeing with something like that, to work together to evaluate the feasibility.

So I don't think that there's any problem with this particular MOU. And I've said it, and I will simply say it again, that this is part of the program, and we're trying to work under this particular agreement. This is the document, or the umbrella MOU, that we're using in our conversations with the federal agencies. We're using this document as a background for that discussion.

(2230)

Mr. Devine: — Mr. Minister, I agree with you. Here we are on — what is it? — August 13, almost a year since you were elected, and you are now agreeing that this is a feasibility study, that it has nice soft words. It's a memorandum of understanding. We can do all this research. And it's the kind of thing that you're perfectly comfortable with.

Mr. Minister, isn't this . . . I just have to . . . I got to take a couple of shots here. This is reminiscent, a little bit, of what we've been doing here on this GRIP legislation. For Heaven's sakes, you and I agree with this. And you've just said, it's a nice agreement, it's a feasibility study and evaluate the feasibility of establishing a nuclear research and technology program in Saskatchewan. Good words. And all the stuff that you have to do, fuel cycles and reactors and all of that, which is perfectly normal to study in research. And you and I agree with this. And the federal government agrees.

And we've been fighting over it and you've been fighting over it and other people have been fighting over it and you've really nothing to fight over. There's nothing in here that says you have to build them and use them in Saskatchewan. And you have caused more people headaches and got more people in trouble and all kinds of . . . I am trying . . . I mean I . . . You see what . . . Just, I mean . . . I mean I could get on and say well you wouldn't . . . I don't think you're taking a run at it just because I signed it. I really don't believe that.

And I don't think you're taking a run at it because you're against research. And you're not taking a run at it because you don't agree with it, because you say that it's a good agreement. So you have to have some out for some of your constituents and I understand that, but my goodness that's . . . anybody watching this conversation tonight and anybody that's going to read *Hansard* and anybody that's going to see this agreement and say the NDP administration believes in this, is going to say, well what in the world have we been waiting on.

Wouldn't you kind of agree with it? What in the world are we waiting on? You've stood in your place and you've been very honest, very forthright. You want the jobs, you want the money. I mean you know the money's going to come in here. On the fuel cycles alone it's billions. People are paying fortunes to figure out how to manage the fuel cycle. It's a big industry. The president of the University of Saskatchewan has had people wanting to come to the University of Saskatchewan to study radiation, the cycles, all of this, and you agree.

So I have to ask, you know, where have you been? You want a line in there or something else that says you have the right to reserve using it yourself. Well this is safe. This agreement is safe. And I'm sure in that subagreement it doesn't say you have to use it in Saskatchewan. It just says you'll do research on it: operating, marketing, technology, and all of that. And that's with the subagreement.

But what it did say is: but federal government, if you're going to do this you're going to move the whole or a good part of the company right here to Saskatchewan. Now

that's good. So you agree with that. The feds are going to finance most of it. And if you need some more money, maybe we can find some outside financing. I know that engineering firms in other countries would come in and do that. You'd be in favour of that.

In fact if you and I were cabinet colleagues, I don't think we'd disagree on a thing on this issue. And that's the truth. We'd sit there and say, well we've got a little political problem here, but we'll have to deal with that. You know. I mean, but life goes on. We have this opportunity. We have this resource. We have an abundance of it. Let's get on with this.

Well I don't know. My colleagues in here are . . . I mean this is quite a remarkable evening, Mr. Minister, where you and I totally agree with this agreement and the memorandum of understanding between the federal Minister of Energy and the province of Saskatchewan. I signed it. Jake Epp signed it. You've essentially said you'll sign this. Well if you sign this, Mr. Minister, we've got ourselves a deal. We have ourselves a brand-new research package in the province of Saskatchewan, and I'd go with you to Jake Epp.

I mean you could phone him tonight. We'll phone him tomorrow. Saskatchewan agrees with this memorandum of understanding. And you've said it. I've asked you enough times in here. You've said it over and over. I've read it to you. You've stood up. You've got it. It's locked in. Here it is. And I don't think that you're going to renege on it; I think you're a man of your word. And as a Minister of Energy you must be given the right to say yes, this is a reasonable agreement.

So we'll leave it alone. You said you'd get back to me and you will on the subagreement. Clearly, Mr. Minister, for the public of Saskatchewan and this Legislative Assembly and your . . . all of us, we know now that this is a good agreement. And you endorse it which means that either you do or you don't. And either you're a cabinet minister that has the authority to endorse it or you don't.

I don't think you're going to get caught like the Minister of Agriculture. I think that this is a good agreement. It's all research. There's nothing in here that commits anybody to anything haywire. It's right here.

So that's news, Mr. Minister. And that's very good news. And I know there's a way we can do this now. I absolutely know there is. And you can be there. And you can take all the credit for it. And your Premier can take all the credit for it but Saskatchewan can get that agreement. Here it is.

If the NDP administration doesn't have a problem with this document, and you've said it enough times, then we're home. And if it's finances or its the length or it's some other lines that say that you don't have to use it if you don't want to, there you go. So that's what estimates can do.

I mean people can actually talk and they're on record and sincere or honourable people can exchange it. So I take you at your word, Mr. Minister. I'm delighted with your frankness and your candid and your legitimate concern. But this is very, very useful for you.

I'll endorse this. I mean I will help you sincerely get this agreement. And it will be good for you and good for Saskatchewan, good for northern Saskatchewan, good for southern Saskatchewan, good for the country.

Well you get me that information, or the minister can get it to me. I'll tell you, I'll do everything I can to put it together, because from my experience there is demand for the knowledge that come out here that will make Saskatchewan one of the most wealthiest places in North America. And I'll talk to you about that. There's humungous demand, tremendous demand, and you're that close, and we're that close.

So I'll leave it with you and I hope that you can get back and I'll go back to the minister myself, and certainly we've been on record here. Look at the subagreement. Anything in there that isn't any more than this, and if it isn't — I don't think it is — but if there is, we can perhaps talk about how we change it. And I think we could set up a meeting with the Minister of Energy or with the Prime Minister's office, or whoever you think would be appropriate, because I think this is good news. This is very good news for the province of Saskatchewan, the city of Saskatoon, for your administration. And I appreciate your time tonight, your co-operation.

So I'll take my place and I'll expect perhaps to talk with you later or you'll get me some information on the subagreement or I'll get it from the other minister.

Mr. Muirhead: — Thank you, Mr. Chairman. Mr. Minister, I enjoyed the debate and the conversation between you and the member from Estevan tonight. That was very enlightening, and I'm not going get into any of that of course.

I just have a question that I want to ask and a few questions pertaining to two individuals, Mr. Minister. They're pertaining to a Ronald and Raymond Bakken. Ronald Bakken is a farmer from Penzance, and Raymond Bakken is his brother who works for SaskPower and he lives in Estevan. These two individuals, Ronald and Raymond Bakken, have an application on file with the Department of Energy and Mines for a quarry lease on the north-east quarter 13-23-1-W3. And I'd just like to ask you, Mr. Minister, could you tell me what the status of this application is at this time?

Hon. Mr. Penner: — Mr. Chairman, just to answer the member's question on the two gentlemen that he has indicated. I understand from my people over here — and I'm not as familiar with the case as maybe I should be, because it's not one of the things that we deal with on a day-to-day basis — but I understand that there is a dispute between these two gentlemen and another party. Until that dispute is resolved, there will be no licence issued. We will not process the licence.

At this point, sand and gravel is still in the jurisdiction of Energy and Mines. But as the member probably is aware, that in The Crown Minerals Act, it's been transferred over to another agency. But at this time it is still with us and it would be within our jurisdiction to issue a licence or not to issue a licence.

Mr. Muirhead: — Mr. Chairman, Mr. Minister, I'm not aware of there being any dispute between two parties. The only dispute that I know of is that the Bakkens have money in the hands of Energy and Mines for deposit with their application, and they haven't received the money back, or the application. I don't know of any dispute for years that's ever happened with Bakkens versus anybody else except Energy, Mines and lands branch.

I don't understand what you're saying, what the dispute could possibly be. There's no dispute between anybody other than Energy and Mines and the Bakkens. I think you have to get your officials to give you some different information.

Hon. Mr. Penner: — Mr. Chairman, in answer to the member's question, there in fact is a dispute. There are two applications for the quarrying licence on this property that the member is talking about, and there is a dispute as to who is eligible to have the quarrying licence on this property. And my officials tell me that we're not going to issue a licence at this point and that the applicants will receive their money back with a rejection of the application.

(2245)

Mr. Muirhead: — Mr. Minister, how familiar are you with the chronological order of the events that's happened in this here case? This is a very sad case. It's been going on for since 1983 till now, and your officials should know that the Bakkens own the land. They own this land. They own it. And your other party that has asked, applied for an application, it should only take your officials a matter of minutes to look through their own Act and years ago have told the individual that he has no way to get an application or get a quarrying lease because it's in writing in their hands. They have the files. That the lands branch who had the surface rights said there will be no further quarrying to this other individual, ever, because he broke almost every rule in the book. And there's no way, if your officials would just . . . I'm going to take the time . . .

Well, Mr. Minister, do you or your officials know the entire story in chronological order? What has happened in this whole case since 1983? Do you or your officials know the story?

Hon. Mr. Penner: — Well, Mr. Chairman, my officials know the story. I don't know the chronological order of the story, so I would have to be informed on that before I could comment further on that.

Mr. Muirhead: — Well, Mr. Chairman, Mr. Minister, I asked you last December when the House was sitting here, very nicely, if we could talk about this and you could help this individuals. You got back to me and said you couldn't because it's now in a court case. It's in a court case and we best not talk about it. So I left it. But then the next time I talked to you it wasn't in a court case and I told you how serious it was, and I needed your help, and you asked me to contact one of your MAs (ministerial assistant), a Mr. Dave Degenstein, and tell him the story, and go from there.

But we run into a solid block. But first before I . . . I'm going to run by the order of events just from my memory. I haven't got the file. I've had the file and I went to get it tonight when I found out Energy and Mines was up tonight, and realized that I'd left this here complete Bakken, Squaw Creek Aggregate, lands branch, Energy and Mines file at my home out at Craik. So I haven't got it.

But this is the chronological order, as I recall. I might be just out a little on dates. I want this on the record and I want you to please, Mr. Minister, be very sincere about this as you were with the member from Estevan tonight. I appreciated that and I would appreciate your sincerity on this case because we're talking about a very, very serious case.

Conrad Bakken had a lease with lands branch for approximately 30 years, ending in 1986, and then his two sons purchased the land. In 1983 Squaw Creek Aggregate obtained a five-year quarrying lease on the NE 13-23-1-W3. And that lease was from 1983 to 1988. I believe that it was January 1983 to April 1988. I don't know why the extra few months, but I believe if my memory serves me right, that was the length of the lease.

Bakkens or lands branch were not aware of the lease. They were not ever aware at this time. Lands branch were the owners and Conrad Bakken had the surface rights rented.

December, 1983 or early 1984 the Squaw Creek Aggregate went to lands branch and paid a fee for the surface entry on the quarter section NE 13-23-1 for approximately two acres of land to quarry rock, to crush rock to sell for private use. This has nothing to do with highways or municipalities or whatever. It was just a quarry lease to crush rock to resell, I believe it was in Saskatoon.

Nothing wrong with this except that lands branch made a terrific error here. It never was Energy and Mines' error, ever in the beginning. It was never their error, as I'll explain to you. Approximately January of '84, Conrad Bakken . . . this is the father of the two boys that I was talking about, Ronald and Raymond Bakken, Mr. Minister.

He's an elderly man. He was out feeding his livestock one morning and heard a loud motor noise coming from the valley about one mile away. This is winter-time so naturally in a big valley — and it is a big valley called Squaw Valley — and there's nobody lives beyond that. When you hear a motor down there in the winter-time, a loud noise, you're concerned. So he drove as far as he could and then walked and found that Squaw Creek Aggregate crushing rock without prior knowledge. He knew nothing about it whatsoever.

At that time, they notified the RCMP (Royal Canadian Mounted Police) and they were stopped from crushing at that moment or that . . . not that moment. It's about 12, 15 miles from Craik. And Squaw Creek Aggregate were stopped. Lands branch, at this time, were to blame . . .

The Chair: — Order, order. Order. I wonder if the government members in the back might tone down their

conversations and not interrupt the speaker.

Mr. Muirhead: — Thank you, Mr. Speaker. I'm not just sure when my light went off so I'll repeat that. Lands branch were to blame for not notifying Bakkens. That was become very clear. That it was an individual by the name of Mr. Smith at lands branch that admitted he did not get in touch with the Bakkens to notify them of a quarrying taking place on the property that he had the lease on.

They neglected . . . and it caused a serious problem. The lands branch were to contact, by the lease — and I've read the lease — they were to contact the Bakkens and make arrangement for the surface entry, taking care of fences, the roads. There was no road in this area at all. And I know this area very well, Mr. Minister, because we have the land adjoining. Seven quarters of land surrounds this valley where this land is, so I know every detail about this case.

They were to be discussing with the Bakkens and make a deal — who's going to level after quarrying, whatnot. And this causes serious problems with the Bakkens not knowing about this, between two neighbours, Conrad Bakken and John Watkins. And neither one were to blame at this time. That's the owner of Squaw Creek Aggregate. Neither one were to blame. It was the individuals at lands branch that neglected, and I don't know why but they did, and that's why we're here today with this serious problem.

So what happened at this time, Mr. Minister, the Bakkens went for legal help and there was a lawsuit starting against Squaw Creek Aggregate and against lands branch. But this Conrad Bakken being a very sincere old cowboy didn't want Squaw Creek Aggregate to lose the money for paying a crusher to come in and crushing this gravel, so they made an agreement.

And some place in the files of Energy and Mines you will find this agreement. And this agreement was that Squaw Creek Aggregate could remove the crushed rock. They could remove it.

But in doing so there was a letter sign by a Mr. Hoffert, the director at that time of lands branch — and I haven't got it with me but I'm sure your officials have it; I'm sure they've read it many times — that there had to be in this contract from Mr. Bakken: the fences must be repaired in spring by a certain time; the gravel and the holes must be levelled; there had to be . . . all the mess they made in the winter-time, coming into a man's pasture land, they had to . . . and he had to be compensated. All right. That was the agreement.

But the number third or fourth . . . the four points in the agreement: no further quarrying to ever take place — no further quarrying.

So that's the time in 1984 that Energy and Mines should have said goodbye to Squaw Creek Aggregate. They didn't even live up to the Act, Mr. Minister. They didn't even notify the Minister of Energy and Mines that he was going to go and quarry. That's in the Act, they must do these things. If your officials would quit leaving it to the Bakkens and the Squaw Creek Aggregate to iron out their

problems and to take care of their problems, then there wouldn't be any. But they have neglected it. And I'm not blaming this government; I'm not blaming the past government. I'm blaming the people in lands branch and some of the bureaucrats or workers in Energy and Mines for this all coming about.

The next chronological order was, Mr. Minister, in 1986, Ron and Raymond Bakken purchased two quarters of land from lands branch, and the one quarter being the one in question.

Squaw Creek . . . but what they did in the contract, Squaw Creek were to be protected with . . . until the end of the lease, with qualifications. They're never going to be able to quarry but they just agreed. The Bakkens agreed, well just leave the quarry lease in place and the caveat would go against the land until April 1988.

So it was just left and nobody had the use of the rock, nobody. And the agreement was that after 1988, Bakkens would get . . . they owned the land and they were to get the quarrying lease because Squaw Creek Aggregate had no way to ever attain one. They couldn't. They broke every rule in the book.

And so them coming in and making an application, your officials, Mr. Minister, should just throw it out the window and look at the next one that comes next, the person, the owner of the land. They now have the surface rights. They now own the land. So how could someone else get on that land? The Bakkens own the land. Squaw Creek was never to quarry again. It was in their contract. They didn't repair the fence. I'm the one that out there on a quarter section land beside seeding that spring. It was right in the contract when the fence was being repaired, and I seen with my own eyes an old couple out there trying to fix some fence. I went over and I got . . . I stopped my tractor, and I went and got a post pounder and helped them fix their fence up temporarily to put the cattle in.

There's so many things that happened here. They didn't even level the ground, Squaw Creek, till away on in the summer-time. The cattle could fall in deep holes. Everything went wrong.

All right, the next thing. Lands branch put on a caveat as I said before, Mr. Minister. Bakkens were to get the quarrying lease after April of '88. Energy and Mines always said it's lands branch that's stopping the lease to Bakken. Lands branch always said it's Energy and Mines that were at fault.

So this is what happened. It was the two . . . the problem wasn't between Squaw Creek Aggregate and Bakkens, it was lands branch and Energy and Mines, the officials and the bureaucrats in the departments not taking their stand and looking in to see what the problem really was. The Bakkens were denied their lease from Energy and Mines for the last four years — they were denied . . . (inaudible interjection) . . . This is serious stuff

Mr. Chairman, I don't think that that's very mannerly of the member from Churchill Downs and we're talking about a very serious . . . but he's always had such a big mouth in this place that he's always caused problem and I

don't take very kindly to that member from Churchill Downs tonight. I'm talking about something serious and I mean serious.

In 1990 Bakkens had a chance to sell some rock. They were given permission to sell surface rock and then not too long afterward, I believe it was in 1999, someone laid a complaint to Energy and Mines. Energy and Mines laid a complaint to the RCMP of theft of rock. Ron Bakken, in February of '91, was questioned by the RCMP. Here we are, a good individual in the community, his brother down at Estevan never did anything wrong and they're questioned about theft, and whose fault is it? It's Energy and Mines. It's them that let this happen.

Then at election time, Mr. Minister, election time, Ronnie Bakken was charged, right in the election time. Now, why do these things happen at election time? Ron Bakken pleaded . . . he ended up he had to plead guilty and cleared up because it was going to cost too much money. Ron could have won the case with me as a witness, and all we had to do was have a person by name of Ron Painchaud from Davidson, who would qualify his story that he give to the RCMP because he said he didn't understand what quarrying was, he only took surface rock.

I talked to the RCMP. I was questioned for three hours on this case myself by the RCMP. Four or five past ministers, people in the departments, lands branch . . .

The committee reported progress.

The Assembly adjourned at 11:02 p.m.