



STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

No. 9 — May 3, 2021

Published under the
authority of
The Hon. Randy Weekes
Speaker



Legislative Assembly of Saskatchewan

Twenty-Ninth Legislature

Hansard on the Internet

Hansard and other documents of the
Legislative Assembly are available
within hours after each sitting.

<https://www.legassembly.sk.ca/Calendar>

STANDING COMMITTEE ON THE ECONOMY

Ms. Colleen Young, Chair
Lloydminster

Mr. Buckley Belanger, Deputy Chair
Athabasca

Mr. Jeremy Cockrill
The Battlefords

Mr. Ken Francis
Kindersley

Mr. Terry Jenson
Martensville-Warman

Mr. Delbert Kirsch
Batoche

Mr. Doug Steele
Cypress Hills

[The committee met at 15:00.]

The Chair: — Okay, folks. Welcome to the Standing Committee on the Economy this afternoon. I'm Colleen Young, and I'll be chairing committee this afternoon. And with us today we have committee members Jeremy Cockrill, Ken Francis, Terry Jenson, Delbert Kirsch, Doug Steele, and substituting for Buckley Belanger is Erika Ritchie.

Committee members, I would like to advise you that the broadcast of the proceedings is not available. However the audio will be streamed on SaskTel Max and on the Legislative Assembly website. The *Hansard* verbatim will continue to be made available at the earliest opportunity.

And because we are still implementing measures to facilitate safety in the context of the COVID-19 pandemic, if the minister needs to confer privately during proceedings, she may do so in the hallway, the lounge, or the vestibule at the front of the Chamber.

And as a reminder, please don't touch the microphones. They are fragile and sensitive, and the Hansard operator will turn your microphone on when you are speaking to the committee.

Cleaning supplies are located at the tables by the side doors for members and officials to use if they require them. And if you have any questions about logistics or have documents to table, the committee requests that you contact the Clerk at committees@legassembly.sk.ca. Contact information is provided on the witness table.

**General Revenue Fund
Energy and Resources
Vote 23**

Subvote (ER01)

The Chair: — We will now begin our consideration of the estimates for the Ministry of Energy and Resources, vote 23, central management and services, subvote (ER01). Minister Eyre is here with her official. Please introduce your officials here today with you and make your opening comments.

Hon. Ms. Eyre: — Well thank you very much, Madam Chair, and committee members. With me today is Deputy Minister Susanna Laaksonen-Craig. She's my new deputy minister. She joins us from BC [British Columbia]. She came to ER [Energy and Resources] in March and we only met for the first time in person today. So it's all very exciting. My chief of staff, Jeremy Brick, is also here, Madam Chair. And we have a number of officials on the line outside the Chamber to provide us with any information to help answer questions from committee members.

I'm pleased to be here today to discuss the Ministry of Energy and Resources 2021-22 budget. The Ministry of ER plays an important role in developing the growth and responsible development of Saskatchewan's natural resource sectors: mining, forestry, and oil and gas. It plays an important role in promoting Saskatchewan's diverse resource potential to investors in Canada and around the world, and we continue to foster new innovative projects in new emerging areas.

This past year of course has been challenging for everybody including in the natural resource sector. It was just over a year ago that we saw the unprecedented economic downturn resulting from the start of the global COVID-19 pandemic and the OPEC-plus [Organization of Petroleum Exporting Countries plus] price war. We acted quickly to introduce a number of temporary relief measures, including the extension of mineral rights that were scheduled to expire in 2020 by one year, and the reduction of the industry portion of the oil and gas administrative levy by 50 per cent last fiscal year, and delaying the invoicing of remaining balances. These relief measures help to address certain immediate liquidity and administrative challenges, and help companies focus on retaining as many workers and continuing as much production as possible.

Last summer we worked with the federal government to implement the accelerated site-closure program, which supports the abandonment and reclamation of inactive oil and gas wells and facilities. And importantly, it gets Saskatchewan people back to work. The program provides up to \$400 million in federal funding over two years, which flows through our ministry's budget and was created in close consultation with the sector.

It's being delivered in partnership with the Saskatchewan Research Council, which has important experience and expertise with procurement, developing and expanding supply-side procurement, and with First Nations procurement. The program prioritizes Saskatchewan-based service companies and is expected to support over 2,000 full-time equivalent jobs. Also up to 8,000 inactive wells and facilities are expected to be abandoned and reclaimed over the life of the program.

Madam Chair, last June we also made amendments to *The Mineral Tenure Registry Regulations*, which granted relief to the mining sector in response to impacts from the COVID-19 pandemic. These amendments provided mining exploration companies with more time to raise necessary capital and access mine sites to carry out exploration activities and engage with local and First Nations communities.

Despite the challenges caused by the pandemic, we have seen continued strong interest in both traditional and emerging resource sectors in the province. To us and to me, it's of the greatest importance to build on the strengths of our traditional sectors, complement and dovetail on those strengths but not turn our back on those sectors and on our energy workers, not ever.

Meanwhile I like to say that we are working our way through the periodic table here in Saskatchewan. Last summer we announced a new lithium joint project undertaken by Prairie Lithium Corporation and LiEP Energy. The two companies started the Prairie-LiEP Critical Mineral Joint Venture, a two-stage pilot project that will produce lithium hydroxide from Saskatchewan oil field brines. The global demand for lithium is forecast to grow by 10 per cent per year for the next 10 years due to the expanding use of rechargeable lithium ion batteries in electric cars and portable electronic devices.

As well, Madam Chair, we recently announced that Canada's largest helium purification facility is now open. Located near Battle Creek in the Southwest, North American Helium's new \$32 million facility is officially in operation and expected to

produce more than 50 million cubic feet per year of purified helium, used in everything from medical research to semiconductors manufacturing, and for commercial sale. Canada currently has the fifth-largest helium resources in the world, with significant underground reserves right here in Saskatchewan.

Last year we also welcomed an innovative, first-of-its-kind hydrogen production project to Saskatchewan. Proton Technologies will deploy its patented process to extract hydrogen from existing oil reservoirs while carbon dioxide remains trapped in the ground. This cutting-edge technology is the first commercial deployment of its kind in the world. It also has the potential to repurpose abandoned wells, facilities, and fields.

On forestry, Madam Chair, Saskatchewan's sector has remained strong in spite of the global COVID-19 pandemic. There are seven large primary forest product facilities in the province that produce lumber, oriented strand board or OSB, and pulp, and more than 200 smaller businesses producing a variety of primary and secondary forest products. In addition over 230 supply chain businesses provide goods and services that support forestry companies, including inroad construction, logging, trucking, reforestation, and forest management.

Saskatchewan is also home to the largest 100 per cent First Nations-owned forest products mill in Canada, and Indigenous people comprise over 27 per cent of the province's total forestry sector workforce, by far the highest of any province. This is an important sector, one that's been on a tear this past year, and one that will help our province continue on our path to economic recovery and growth in the future.

Turning to our budget, Madam Chair, overall our ministry's 2021-22 expense budget is 247 million. This is an increase of 50.8 million or 26 per cent over last year. The budget includes 200 million for the accelerated site-closure program, which is an increase of 50 million over the previous year, and I spoke to that program earlier. As of March 31 the program has issued \$164 million in work and supported 485 Saskatchewan-based service companies.

1,240 inactive wells have been abandoned or decommissioned; 220 flowlines have been abandoned; 12 facilities have been decommissioned; and over 1,900 site reclamation activities have been completed. However this is not to say that we did not have a strong record on site reclamation and remediation prior to the federal program. We did, and I look forward to speaking to that in greater detail, I expect, during questions.

Recently, Madam Chair, we also introduced the First Nations Stewardship Fund and the Indigenous Business Credit Pool as part of the federal abandonment program. These two initiatives are supporting First Nations and Métis participation in the program. Our Indigenous partners will continue to play a crucial role in Saskatchewan's economy and natural resource economy, and this in turn will help increase participation by First Nations and Métis contractors and workers in the oil and gas sector.

On IRIS [integrated resource information system], Madam Chair, the 2021-22 budget also includes a capital budget of \$2.2 million, which will support the continued expansion of the integrated resource information system, or IRIS, for short. IRIS is the online

self-service tool used by the oil and gas sector, and this funding is for the expansion to include the mineral rights tax program. This development will improve client service by automating exemption applications and reducing response times to the client, which is expected to reduce inquiries by 80 per cent and reduce client inquiry times by 40 per cent.

The budget provides \$40 million, an increase of 11 million, for the cleanup of the Gunnar and satellite uranium sites in northern Saskatchewan. This funding will allow cleanup efforts to get back on track following delays as a result of the COVID-19 pandemic.

Since 2006 Saskatchewan has spent over \$189 million on the Gunnar remediation. The federal government has provided only 1.1. We will continue to press the federal government, including through legal means, to provide its equal share of funding for this remediation.

On the associated gas moratorium, the budget also fulfills a growth plan commitment to introduce a moratorium on associated gas royalties. This speaks directly to efforts by us and the sector to undertake economic and environmental synergies. This initiative, part of our methane action plan, will provide oil producers with approximately 3.8 million in annual royalty relief over five years. This will enable producers to invest in new methane emissions reduction projects and undertake capture and commercialization of associated gas, instead of venting or flaring it, as they move to comply with emissions management regulations. It will benefit the environment by reducing emissions and making it more economical to use more of our gas recovery. Under our methane action plan we are continuing to work with operators to reduce methane emissions by 40 to 45 per cent by 2025, while continuing to grow our oil and gas sector.

On high water, we are also modernizing and expanding the high-water-cut program. This program is designed to extend the production cycle and improve recovery rates for wells that produce high volumes of water. Changes to the royalty structure will make these wells, which traditionally incur higher operating costs, more economical for producers. This in turn will help to attract investment and create jobs.

On sodium sulphate, we are simplifying and reducing the royalty rate for sodium sulphate production and implementing measures to promote the diversification and competitiveness of the fertilizer sector. This will support projects such as the Saskatchewan Mining and Minerals Inc. expansion. A 10 per cent incentive credit has been introduced for approved capital projects that diversify products or improve operating efficiency, and these changes are intended to help the sector navigate current market challenges and achieve new growth opportunities.

We also continue to provide a number of other incentive programs to attract investment and create jobs. These include the oil and gas processing investment incentive and the Saskatchewan petroleum innovation incentive which create value-added opportunities and reduce emissions. Some of the projects I mentioned previously around helium, hydrogen, and lithium, for example, have received support from these programs.

Madam Chair, these are a few of the highlights of our Ministry of Energy and Resources budget, and I would now be pleased to

take questions from the committee.

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

Ms. Ritchie: — Thank you, Madam Chair. And thank you, Minister Eyre, for those opening remarks, and to yourself and your officials for making yourselves available here today. I appreciate that.

[15:15]

I think I'm going to start with a little bit of clarification around some of the information in the estimates. And I notice that the amount for the Surface Rights Board of Arbitration remains unchanged from the year previously. And I'm wondering if you can provide some information in terms of the work of the arbitration board: how many complaints they would have received in the past year, the outcomes of those complaints, and the nature of them.

Hon. Ms. Eyre: — Madam Chair, we'll just confer for a moment on that.

Ms. Laaksonen-Craig: — Susanna Laaksonen-Craig, Madam Chair, through to the member. The budget indeed was \$229,000 last fiscal year and the same for this fiscal year. In 2019 we increased the budget by \$57,000, so there has been no budget pressure to increase that, in fact partially probably due to COVID. But they were underspent by \$76,000 last fiscal year.

The COVID did indeed slow down the hearings and so on, which is now getting remedied, considering that they are getting more to the online. Most of those complaints have been about unpaid service lease payments. In 2020 there were three complaints, which was a reduction from the number of complaints in 2019, which was seven.

Ms. Ritchie: — I understand that legislation had been drafted a number of years ago to update the surface rights framework and then it was pulled back. I'd like to know what the timeline is now for bringing forward that legislation and if there's been any changes at all made to those amendments. Also I'm very interested to hear the efforts made to consult with the public in the development of that legislation.

Hon. Ms. Eyre: — I can answer that, Madam Chair. So on the surface rights review, as the member points out, there had been a move to review the Act a few years ago. Obviously the market was in distress, or it was going into a very challenging time, and so that was then paused. And certainly I think it's obvious that the challenging times for the energy sector, for the oil and gas sector, have continued. And over the last year if it was ever going to get more challenging, it did. So it's all about timing, and obviously we hope for strengthening and for a more optimistic run for the energy sector.

But in the meantime of course we have to tread very carefully, and these issues around surface rights, as I say, were raised during the review of the Act a number of years ago. And we remain open — to the member's question about consultation with the public — certainly to discussing changes with stakeholders.

I have met with many stakeholders and heard from many stakeholders and members of the public on this issue. But we have to ensure that the timing is right and that we fully consider changes and their impact before new legislation is considered.

Ms. Ritchie: — Well you know, certainly timing is a consideration. I would suggest though that it's not the only consideration, and the health and well-being of the public is equally if not more important.

And I'm wondering if you can also share with me some information regarding the exceedances or unplanned releases on oil and gas facilities, air releases, and a little bit about what the process is like for both reporting and undertaking corrective action with regards to that. I just want to have a sense of both the level of operational performance and then response by the ministry in those cases where upsets and exceedances are rising, and the role of landowners and the general public in those cases.

Hon. Ms. Eyre: — Well the member's raising a number of things. If we're talking about the record on leaks and into the air those are . . . I mean if we're talking about sour gas or if we're talking just about leaks, I mean I'll take those in order. And then into landowners, that's another issue too, or at least it's a related but somewhat different issue.

[15:30]

I will say, just on pipeline site safety, if that's where the member is . . . what she would like to learn more about. Legislation was introduced in 2017 to strengthen regulation, and since 2017, \$2.8 million has been invested in site safety and pipeline safety. We now have more staff and resources, more inspection and audit powers, more penalty provisions, more authority to address long-term liability for environmental damage, and that includes more stringent regulatory scrutiny of applications at higher risk locations, including water crossings. And those efforts have been recognized by the Provincial Auditor. All outstanding issues that were raised by the auditor have been addressed.

And we've introduced new regulations that will also oversee retroactive licensing of 80,000 flowlines over the next three years. And that's part of a package, Madam Chair, first of its kind in Canada to adopt an entirely electronic automated registry for pipeline licensing.

In 2019 the ministry conducted over 20,000 inspections of wells, facilities, and pipelines, so that certainly goes to the landowner issue. And our fieldworkers run a 24-7 operation. We follow up on public complaints, every public complaint received. We have a toll-free line for members of the public to bring concerns to the regulator. And certainly I feel with great confidence that the regulator within Energy and Resources is responsible and very responsive. So that I think is important context.

The member also . . . I'm thinking perhaps on the sour gas emissions management side of things which of course is very important. And following the incident of 2015, which tragically resulted in a fatality, we have taken steps to increase inspection and enforcement activities related to sour gas management.

And there's been a marked improvement, Madam Chair, in air quality in southeast Saskatchewan, and that's based on data that's

publicly provided by the southeast Saskatchewan airshed authority. And in addition to the public air monitor, the southeast Saskatchewan airshed authority has eight air quality stations operating. All odour complaints are investigated by ministry field staff. They're documented in IRIS.

The government's taken a number of measures to strengthen oversight of sour gas management within the oil and gas sector. That includes increased inspections, the adoption of new technology around detection, and these air monitoring stations. And we require that facility licence holders have an emergency response plan consistent with every other jurisdiction in the country. And that puts the onus on the operator to take steps to notify those at risk. But certainly we prioritize that management of the air quality and of sour gas as a top public safety priority within our regulatory programs.

Ms. Ritchie: — Thank you for that response, Minister Eyre. Perhaps you could point me to reporting or documentation that provides annual reports on the upset or exceedance information coming into IRIS. Does anything like that exist right now?

Hon. Ms. Eyre: — We'll confer briefly.

Ms. Laaksonen-Craig: — Madam Chair, through you to the member, we interpreted the question particularly to the incidences where product was released. So there are statistics for all types of incidences, but in terms of last year, the number of incidences where product was actually released in 2020: oil, 88; water, 173; gas, 34; oil and water, 32; and other, 140. We had no major releases last year so these are all what we would describe as minor releases.

Ms. Ritchie: — Thank you for that response. I guess my question had more to do with though, whether that information is publicly reported and in what form that it takes.

Ms. Laaksonen-Craig: — That information is publicly available. We can provide a link to our website where all this information is publicly available.

Ms. Ritchie: — Does it provide a description? Or can you tell me the type of information that's included with that reporting?

Ms. Laaksonen-Craig: — I'm trying to open the website so I could maybe quote that for you, but my Wi-Fi is not liking very much for whatever reason right now, so bear with me.

[15:45]

Hon. Ms. Eyre: — Madam Chair, I will just say while Susanna looks for that material, that I know that in terms of some of the information that's been looked at by outside, by other . . . by stakeholders, researchers, etc., one thing that has become apparent is that IRIS is an amazingly open, transparent tool. And so that the information that is out there that, as I say, members of the public but also for research and other purposes that have been used and relied on, come from IRIS, our own numbers. So it's quite an amazing and certainly very transparent tool. But I'll just wait to see if more information on the . . .

Ms. Ritchie: — Perhaps while she's looking for the information I might ask another question. I was made aware that there had

been new regulations posted for comment, *The Financial Security and Site Closure Regulations*, and that comment period ended on March 31st. In reviewing that document a couple of things did stand out, you know, one of them being the doubling of the number of inactive wells over the past 10-year period and the increasing liability associated with inactive oil and gas infrastructure, and the need to make some changes to ensure that there were funds available for site closure of these facilities.

And I would like to understand here again the extent of public engagement that was undertaken in the development of these regulations and how much feedback was received from the public during that consultation process, and anything else you might be able to tell me about, you know, the efforts taken as part of that public engagement, or even stakeholder engagement, but more interested in the public side.

Hon. Ms. Eyre: — Perhaps, Madam Chair, I'll begin just on the abandonment record and speak a little bit on the orphan wells. And the member referenced numbers and so on, so perhaps I'll do that as a bit of background. I can talk briefly about the PRT [proportional risk transfer] model. I'm assuming that's what she's referring to in terms of the consultation. And then perhaps we can pause, confer, get the other information and anything else that might be relevant.

But I will just say that, as the member will be aware, in Saskatchewan first of all the oil and gas sector, like forestry and mining, is obligated to take into account future site closure liabilities. And that of course was established well before any federal program or funding came along. And the commitment by the regulator in Energy and Resources is very clear that every orphan well will be cleaned up.

And in 2010 our government launched the orphan well fund, which companies pay into. And there have been 670 orphan well sites that have been cleaned up. That's at a cost borne by the orphan well fund of 32.3 million. And when I referenced in my opening remarks that we had a strong record going into this — into COVID and into the OPEC-plus price war and before the federal funding came along — I meant it. Because going into COVID, the orphan well fund had an unfunded liability, as in debts greater than assets of zero. Saskatchewan has collected 110 million in security deposits from energy companies — and that's before they start drilling — to protect against future insolvency.

And just some numbers to my point about the record going into this challenging period. Saskatchewan's oil and gas companies completed a record number of oil and gas well abandonments in 2019 and into 2020. We saw a total of 2,030 abandonments completed between 2019 and '20. That's an increase of 40 per cent compared to 2018-19 and 240 per cent compared to 2016-17. So that's a very strong record. And that's a record that is very much buttressed by the sector itself, which took advantage of new regulations, streamlining, in terms of easing those abandonments through the regulations. And they did that in very challenging times. So I think that's very important to point out.

On the PRT that's, you know, a consultation period, the proportional risk transfer model. There is, as the member referenced, a consultation period on it. And that model would protect the orphan well fund from the increased risks posed by some oil and gas operators who might acquire uneconomic wells

as part of a transfer, and it would improve that current transfer model to the extent that it would evaluate a company's financial capacity to carry the liability being considered in the transfer.

So it would really complement the system and buttress the system that we have in place. And it could increase deposits required for transfers involving a high percentage of inactive wells and facilities. It could ensure that the taxpayer certainly, and would continue to ensure, that the taxpayer is not left with the cleanup costs should an unhealthy company go under.

And again, we've consulted on these regulations. We've posted them for comment. And we're certainly looking forward to hearing, you know, further consultation, further thoughts on this new model. And all in an attempt of course to, as we move forward, to strike that very important balance between obviously economic development but also the taxpayer, from cleanup costs associated with asset transfers.

But it is also very important to recognize that in Saskatchewan, you know, the sector is unique, the oil and gas sector, in that it pays for 90 per cent of the regulatory costs associated with cleanups, and that it is not the taxpayer but the sector that bears that cost. I think that's often not realized. And I'll leave it there perhaps, Madam Chair, and we'll confer just on the other information that was asked.

Ms. Laaksonen-Craig: — Madam Chair, in terms of the member's earlier question on the reporting. So information on incidents reported in Saskatchewan is available through the government website. If you go under the agriculture, natural resources, and industry you will find the information there. Every single incident occurred since November 4th, 2015 is available through an IRIS incident report.

And there is also a phone number if somebody is not able to find the information themselves through that link. Then there is a number to the ministry service desk where we can assist.

The main factors, I guess, that you can find in those reports is the incident's type, location, licensee, spill volume, volume recovered. Those would be the main things. But you can also find from there if, for example, a water body was impacted — yes or no, as well as the surface area impacted.

Ms. Ritchie: — Okay, thank you for that information. And then just moving along to the next item we were discussing. You know, certainly of course the public and taxpayers do have that expectation of producers having fully funded liabilities. And you know, I don't think I'm stating anything here incorrectly. I'm taking my information directly from the Ministry of Energy and Resources' own publication that indicated that there had been a doubling of inactive wells, from 18,000 to 37,000 over a 10-year period.

Not to, you know, diminish what the minister is indicating, but I think there's definitely been a change in the landscape with respect . . . You know, and a lot of it coming out of the Redwater decision and flowing through in terms of both how those liabilities and assets have been in the past assessed, and then that shift of the risk profile of these companies.

But the second part to my question I did also want to receive a

response to was, how many responses have been received from the public on these regulations? And what attempts have been made to both build public awareness and receive comment back? It's my general impression that it's not a very organized community, and it seems to me that, you know, additional measures might be needed to ensure that that engagement is occurring, and I'm looking to see how that has been achieved.

Hon. Ms. Eyre: — I will say, Madam Chair, on the consultation with the public I am going to confer after this because we really are . . . This is really in flux in terms of the process. I will just say though there's of course a major distinction in terms of the doubling of the inactive wells figure that the member opposite referenced. And again I think we have to remember a couple of things.

She referenced a change in the landscape. Well there's certainly been a change in the landscape over the last decade because we have a lot more energy production and development in this province. So certainly there has been that. And inactive wells, let's recall, are not currently in production, and there are a certain number of those wells that come back into production of course. And over the last year there was upward of 20, 25 per cent shut in for very good reason. It was a disaster economically a year ago. It was the perfect storm of the OPEC-plus price war and COVID, and so those were shut in.

But there is a great, crucial distinction between inactive, which are not currently in production; abandoned, which are plugged and cleaned up — and in Saskatchewan that is not paid for by the taxpayer; that is paid for by oil and gas companies — and then orphan wells, which are the result of company insolvency. And so that goes to this PRT discussion, and as I say we will confer and get back on some of the consultation.

But the whole point is about protection of the sites — that's the whole point — and protection of the structure of the, you know, of the landscape. And as I said at one point, the commitment remains clear to ensure that every orphan well is cleaned up. That's part of that. And so we will confer briefly on the consultation period, but again I think it's very important always to make sure that those three categories are clear and that inactive does not mean orphan, for example. So we'll go and confer.

[16:00]

Ms. Laaksonen-Craig: — Madam Chair, through you to the member, so in terms of consultation on *The Financial Security and Site Closure Regulations*, there has been extensive consultation going on since 2019. The public has had an opportunity to participate and so, for example, we have publicly posted news releases, posted the regulations on the website. So all that has been available there. We have also hosted two online open houses that were publicly available for people to participate. Of course, there has been a lot of stakeholders who have participated those sessions.

And so the minister referenced part of that, but in terms of the whole picture, there are a number of different parts of the regulations. All of those steer towards tightening the liability management in this province. And while in some ways perhaps people view that that it is for benefit of the province or in some cases perhaps benefit of the licensees and the industry, there's of

course significant benefit to the landowners for themselves that we are moving forward and tightening these. And they are now of course built to kind of dovetail the accelerated site closure program, which gives us a lot of momentum right now. And as a part of that, when we come to the tail end, these regulations can then start to kick in and continue on tightening the liability management.

Hon. Ms. Eyre: — And I will just say too, Madam Chair, I think COVID has created some challenges around in-person — well it has — around in-person consultations, town halls, that sort of thing. And so there have been some virtual forums and so on and as Susanna referenced, you know, the website and the news release access and that sort of thing, but of course COVID has had a certain effect.

I will just say just generally I guess, on the topic that the member raised, you know, confusing or something along those lines . . . And I will just say that generally on the accessibility of the regulator in Saskatchewan, the accessibility of the ministry, I hear it from everyone. I hear it from oil and gas companies. I hear it from stakeholders. I hear it from everyone I speak to really about access to the ministry. I hear that you can pick up the phone in Saskatchewan and you can get through to somebody.

And they know people in the ministry by name. It's not a maze. It's not as in other provinces. It's a very accessible, transparent ministry in that regard in that it's very personal. So I would say that on this and on other things and on other matters that the regulator deals with, it is a very, very hands-on, contact-driven ministry. And so I think that's important to keep in mind because it comes up a lot.

Ms. Ritchie: — So you mentioned that there was a news release and information posted on the website and then these two open houses. And so you know, again I really want to understand how that information is reaching the public, because like it sounds to me as though someone has to either be actively checking the website or maybe setting up an RSS [really simple syndication] feed, you know, to push through the notifications.

And I believe I asked initially, you know, how many responses did you receive back during that public consultation period from the public, and the efforts made to reach out to them. And so when you talk about these two open houses, how would the public become aware that those were occurring? Is it just through, you know, looking on the website? Or do you have distribution lists or associations that received this information? It's still not clear to me how the public would actually be informed and know to participate or how to participate.

Ms. Laaksonen-Craig: — In general of course the website is the key source in many ways for us. But of course the information is widely made available to the associations, interested parties. Oftentimes we, over the years, have developed relationships with a number of associations, interested parties. So we certainly make efforts to ensure that those parties are aware. I would think that one of the ways how many landowners, for example, find out is potentially through the municipalities and so on.

So we do certainly make efforts to ensure that it is transparent that these . . . For example, when we posted the regulations for 30 days, certainly always open for that feedback and try to seek

that. Regulations of course are fairly technical which can be naturally challenging for somebody who doesn't have expertise in the specific area.

Ms. Ritchie: — Well I suppose, regardless of sort of the technical or complex nature, certainly if it's an issue that affects their land, it's going to be strongly in their interest to be aware and be informed and ask any questions that they may have. But I guess the response I've received so far is that, you know, it's being pushed out to the municipalities.

Are there any other interest-based groups that also receive that information? And back to my original question: how many responses were received from the public with respect to the regulations?

Hon. Ms. Eyre: — We'll go and confer, Madam Chair, briefly.

So I think it's fair to say on this PRT, the proportional risk transfer model, I mean obviously the main impact is on licensees, you know, on companies because it's the asset/debt ratio that is of most import and relevance to them. But as we referenced, in terms of the consultation and sort of getting the message out as it were, I mean obviously it was on the website as we mentioned. There was also a discussion paper that was put out which attempted to put everything in slightly plainer language, which is good. We all need plain language and non-bureaucratise on some of these things.

But again, I mean the main impact is on industry perhaps more than landowners in this case, and I think that's relevant. SARM [Saskatchewan Association of Rural Municipalities] was and is very aware of these consultations. Obviously SHOP [Saskatchewan Headquartered Oil Producers], which are the smaller producers, along with, you know, medium and larger producers. But really the point about the PRT, the proportional risk transfer model is to, if anything, make things more stringent and provide more protection around, you know, what occurs when a company runs into trouble and potentially where there's insolvency and so on.

I mean if I ever get comments, it's about what are you planning around or what's the ministry looking at in terms of the ratio change? But really it's from the sector because that's the broader . . . you know, it impacts them more directly in terms of asset transfers and so on.

On the specific number, we will follow up and provide that to the member. And Susanna, I don't know if you wanted to add anything else.

Ms. Laaksonen-Craig: — I'll maybe just note that anybody who is an IRIS user automatically gets notified by the system and will also receive an email. In this case, as the minister noted, all our stakeholder groups were notified; we know that SARM was notified. It is my understanding that there were altogether about 10 different bodies who got the notification.

But because it's not a static list . . . But we always look at what the regulations are about and who are the relevant stakeholders who should get the information. We will have to go back and look who specifically were notified about this. So we will provide.

Ms. Ritchie: — All right. Thank you for that answer. I don't fully accept the rationale that's been provided in terms of the relevant stakeholders. I think certainly that, you know, we are talking about potentially unfunded liabilities that is going to be of interest to all taxpayers in Saskatchewan and especially those who are also, you know, landowners with infrastructure on their land.

And so you know, I appreciate that, you know, some legislation is going to be more relevant than others absolutely. But it's more to understand the efforts made by your ministry to engage the public on matters related to oil and gas development. And that was, you know, a large part of the driving force behind the question. I am going to sort of shift . . .

Hon. Ms. Eyre: — I will say, Madam Chair, then . . . Sorry . . . to that then because I think it's important. I mean, as I say, PRT is somewhat different, or at least somewhat different than RMs [rural municipality] concerned about abandonment, for example. And I guess just on the getting-the-word-out side of this, I will say, and certainly my officials and my chief of staff will agree, that I try to get the word out about our efforts every chance I get.

It can be challenging because it can be quite tendentiously seen in terms of the record. But it's very important, it seems to me, to get out those crucial distinctions about, as I've said, abandonment, orphan, and inactive; about the record of the province; about the amount that the sector pays in; the fact the taxpayer isn't responsible for abandonment. These are all very, very crucial things and if not super clarified can lead to confusion. So it's all part of a broader, I suppose, news release really which is about getting the word out about the record and what we're doing and the distinctions.

And I think when we're talking about, you know, RMs and landowners and so on, that's a very important point. And there are of course, you know, issues around that and of course potential effect. I think, you know, it is important to note that we post activities on the website for the program, for the abandonment program, the federal abandonment program, so there's an awareness of where we're at in terms of activity in every area. And that's been very broad reaching across the province. And as stated, you know, we've consulted with SARM certainly as a ministry. They're aware. We do everything we can around raising that awareness about what is going to be happening.

But I think ultimately it's just important to recognize that it's a benefit to the province and it's a benefit to the environment not to have wells abandoned. And that of course means plugged and cleaned up. And again 8,000, you know, under this current program, the federal program, are expected to be abandoned over the life of the program. And certainly it's preferable to have them cleaned up and remediated than have the assets become, you know, stranded at some future time.

So in terms of this impression that somehow has been created around the federal program, it's very unfortunate that there would be any sort of implication or understanding out there that only now is it an issue or only now is it of importance to the ministry. It certainly isn't.

And in terms of the PRT, that is just . . . it follows on regulations

and approaches that have already been put in place, policies that have already been in place to facilitate a greater number of remediations and reclamations. And that builds on that work. But as I say, it makes it a stronger, more stringent model for everyone, including landowners. That's very important.

Ms. Ritchie: — Perhaps the minister would like to take a look at appendix A of the consultation document on page 4, where it references the number of inactive wells doubling from 18,000 to 37,000. So again just to clarify that these are numbers that I'm referencing from the ministry's own documentation.

Hon. Ms. Eyre: — And I answered that. I addressed that previously on the inactive wells, the reasoning for that and reason for that.

Ms. Ritchie: — I think perhaps the documentation could be more clear in that case because there is nothing of the sort in here. But I will move on.

Hon. Ms. Eyre: — But the difference though, Madam Chair, is the definition of inactive wells. Inactive wells aren't orphan wells and they're not abandoned wells. They're inactive. They're not currently in production. So when there's been a doubling of the number of inactive wells, that's precisely what I mean about getting the message out to clarify what an inactive well actually means.

And particularly as I said earlier, over the last year there's been a lot of shut-in of wells. They come back online or certainly that's the hope. Some are marginal and some don't come back online, and that was the concern around production shut-ins. But there was, as I said earlier, quite a marked increase of production shut-in, 25 to 30 per cent at the height of some of the difficulties over the last year. So inactive wells are not orphan wells and they are not, you know . . . just a completely different thing.

Ms. Ritchie: — I'm going to move along to another set of questions in the interest of time here. Obviously, you know, there had been a number of enhancements made to the mineral royalties structure going back, you know, 20 years or so to provide, you know, an environment for reinvestment here in the province. We saw that build-out occur over an extended period of time. A number of those investments have largely been concluded.

Like, you know, I'm wondering right now about the current royalty structure as it sits right now. First of all the approach that's made to assessing the industry and informing the royalty structure and the extent to which it is providing a fair return for the people of Saskatchewan.

Hon. Ms. Eyre: — Well certainly, Madam Chair, I'd be willing to, happy to address that. I mean let's remember that the potash . . . Let's take potash. Royalty and production tax system has attracted over \$20 billion in expansions and new mine construction in the last 12 years. That's significant, and we're seeing some exciting projects that are potentially on the horizon.

In Saskatchewan royalties and profit taxes are already . . . the member references fair share. That always gets me very, very nervous. But royalties and profit taxes are already higher for the people of Saskatchewan than in competing jurisdictions —

Russia, Belorussia, and so on. And they have far fewer regulations of course into the mix and far lesser environmental standards.

[16:30]

So you know, we remain very, very committed to the support of the 5,000 direct potash sector jobs in Saskatchewan. Our royalty review was paused in 2015 because of market volatility and weakness, and we've talked about that about another sector. But there was then that volatility in the commodity. And I recall actually where I was when I heard the former Finance minister — this was long before my days in this role — talk about how it was keeping him up at night, and that was about potash volatility at that time. And so that royalty review remains on hold.

And I think, again we have to be very cautious about the fair-share moniker and the implications of that. Perhaps the member could explain . . . Especially in light of what we're dealing with with the competing jurisdictions, let's not forget that potash is a global sector. We have to export potash, and partly because of our own land base being younger than in other countries and so on, but it is a much-needed export and we rely on that export for the people of this province. And it is our sector, absolutely.

But even on the ESG [environmental, social, and governance] side of things . . . And that comes up because those competing jurisdictions that I've referenced, Russia and Belarus and so on, have far fewer environmental regulations and far fewer, you know, regulations across the board. And one of the things that the mining sector and the potash sector say to me all the time, with a great deal of frustration, is how difficult it is to get our environmental, social governance story out because, for example, statistics are all over the place in this regard in terms of our record, which is amazing. And so you know, 50 per cent fewer emissions in our potash sector than in any competing jurisdiction.

So it's a fine balancing act, not only around ESG in which we thrive, and our incredible green leaders in this province, in this country, in the sector, but also in terms of those competing jurisdictions. And yet despite that we have a very high, proportionally, royalty and profit tax rate here in the province for the people of this province. But it is high and so, you know, any talk of royalty reviews is something we have to be very attentive to.

Ms. Ritchie: — I think though, you know, part of my question was asking the process which is undertaken to forecast the sectors and identify an appropriate royalty. You mentioned the process was stalled in 2015, I think you might have said.

Hon. Ms. Eyre: — That's a royalty review.

Ms. Ritchie: — But the question still stands. I believe it indicated in your plan for the year that, you know, this is something that is an ongoing focus of the ministry to monitor global forces and factors and, you know, ensure that we are receiving the best return for the people of Saskatchewan. Obviously of course there's always competitiveness factors and so forth to take into account, but I was looking for more specific details on how that's undertaken.

Ms. Laaksonen-Craig: — Member, are you interested in . . . Because there's of course differences between the different commodities and so . . .

Ms. Ritchie: — Sure. Maybe we could focus on potash.

Ms. Laaksonen-Craig: — Okay, because otherwise the question is quite broad.

Ms. Ritchie: — Yes . . . [inaudible].

A Member: — We can't hear anything.

The Chair: — Mike for the member, please. Mike for the member please, asking the question.

Ms. Ritchie: — Thank you, Madam Chair. Yes, you know, it was just . . . I was mentioning that I'm familiar with the regulations that state the levels of royalty, and just making you aware that I've reviewed them.

Hon. Ms. Eyre: — Well I can certainly follow up on this. I mean, as she referenced, a very broad process, and it is not an anecdotal one. And it's not one taken by one person or anything like that. I mean when you look at something as global as potash in terms of, you know, commodity value and export value, and so I mean they're very elaborate, very sophisticated market forecasting that's done from, you know, compendiums of bank market forecasts, global forecasts for competitiveness, and similar to, you know, oil and gas.

I mean you'll have pricing in Iraq that's maybe just slightly different than forecasts that Saudi Arabia is putting out, that is slightly different than the province of Alberta, that it is slightly different than perhaps the province of Saskatchewan. But these are all kind of . . . And it's very similar in potash. It's just based on global market forecasting and that's certainly undertaken by yes, the Ministry of Energy and Resources, but certainly in working very closely with Finance. And so these things are all taken into account.

And so if the member is asking, you know, could we perhaps extract more out of royalties because we're sort of choosing not to, I mean that's a policy position superimposed on a market reality. I mean the royalty system is very much the provincial system to undertake, but what we base that on and what we . . . And I mean globally we as a government, but also in combination with, as I say, very elaborate, sophisticated, nuanced market forecasting around commodities is, you know, where the market is going. And we know that the indicators for potash have been relatively strong of late, and resilient through the COVID period more or less, but there have also been quite a lot of challenges within the market, everything from weather in the Midwest to, you know, things are all interrelated and affected.

And again, I think as part of the competitiveness word that the member referenced, I mean, that comes into then where global competitors are at. And that's very relevant. I mean, global competitors have many fewer environmental and other regulations for one. And they have generally lower royalties and taxes than we do in Saskatchewan. So those are very important factors to take into account within also the broader, you know, where is the market forecast, where is that going. I mean, that's

a whole other discussion. But Susanna, if you . . .

Ms. Laaksonen-Craig: — Just in terms of current potash Crown royalty system, it was implemented effective January 1, 2017. And it is collected on all potash produced on Crown mineral lands. And it did indeed replace at the time, legislation that had been there since 1960. And for the purposes of the royalty, potash is valued at the producer's average realized price of potash in a year. And the royalty rate is 3 per cent.

The potash production tax is collected on all potash produced in Saskatchewan. It has two components. The base payment component is a per tonne charge on the volume of potash sold by the producer in the year, and it's meant to be the minimum payment collected by Government of Saskatchewan regardless of the producer's profitability. The profit tax component is a charge on the profitability of a producer's Saskatchewan potash operations.

And then as a measure to increase the revenues from the potash industry in 2019-2020 in the provincial budget, the Government of Saskatchewan removed royalties, Crown and private freehold, and Saskatchewan resource credit as credits against the base payment. And by removing these credits the base payment, which had previously been reduced to zero in most years, was returned to its original purpose and the total revenue from the potash industry was increased by about 30 per cent.

Hon. Ms. Eyre: — And, Madam Chair, I'm going to confer briefly.

Madam Chair, just very briefly, I'll just say just in terms of the last year, so prices have declined in 2020 compared to last year, but production and sales volumes in Saskatchewan remained high. And as a sector, as I referenced earlier, potash fared better than oil and gas through COVID. You know, countries in the world need it for agriculture, of course, and the forecast fundamentals — and we've touched on that — globally are very strong.

But COVID did create some general economic disruption, you know, which had an impact on the potash sector as well. 2020 of course also saw the rail blockade that had been . . . That's now like a distant memory, the strike. They weren't exactly helpful for the mining sector overall. But COVID had an impact on initial contracts within the potash sector. There was some decreased demand for potash in biofuels but the world demand eventually increased overall. So just going to some of the factors that come into these things, and again it's quite a holistic process.

Ms. Ritchie: — Okay. Yes, that's helpful to know. I was just wondering if you could explain some of the discrepancies in the performance measures that you reported in the plan for '21-22 and then the annual report for '19-20. I noticed — and again I'm just trying to understand what's going on here — you indicate in the annual report that all mineral production produced \$7.1 billion in 2019-20. And then the performance measure in the current plan doesn't have a comparable target. What it lists instead is a sales target for potash of 5.7 billion the current year.

[16:45]

So does that mean that the target for potash sales is . . . I don't

know. I guess I shouldn't try to infer, but I'm just maybe trying to understand why we've got some change in performance measures here for not just mineral production but, yes, for forest, mineral, uranium, and oil.

Hon. Ms. Eyre: — We'll confer briefly, Madam Chair.

Ms. Laaksonen-Craig: — Madam Chair, through to the member, so in the annual report for 2019-2020 we indeed were reporting the Saskatchewan mineral production sales which was 7.1 billion. And then in this year's plan, it has been divided to two. So in the annual report it includes all our minerals: potash, uranium, gold, salts, and so on. But this year we are focusing on the two largest minerals, potash and uranium, and this also helps us then align with the growth plan which specifically looks at those two commodities. So we have tried to be more precise and focus on the two largest ones because the role of some of the other minerals is not as large as these two.

Ms. Ritchie: — And then I noticed the same thing with the timber. Is there an explanation there? You've got a cubic volume in, I think, the annual report and then a dollar amount for this year's plan.

Ms. Laaksonen-Craig: — So the annual report for 2019-2020 referenced the harvest level, whereas this year we are focusing on the forest product sales. And that is kind of in terms of aligning. As you can see, we are focusing on the sales levels on all of these performance measures, so it brings consistency to our reporting.

Ms. Ritchie: — And then for the oil production, I guess there again it's . . . Oh, that one's a volume, not a dollar amount.

Ms. Laaksonen-Craig: — That's correct, but that is, as the member knows, a very traditional way of referring to oil production, is barrels per day.

Ms. Ritchie: — I see. Okay. I did try to do the math on that one. I noticed that the report for the previous year was 178.9 million barrels, and then the current target, you take that 440,000 barrels per day for '21-22. That's 160.6 million barrels, so a downgrade from the prior year or I guess two years prior. Is there an explanation or a reason for that?

Hon. Ms. Eyre: — Sorry, Madam Chair. Is the member asking why the number of barrels per day decreased over the last year? Is that the question?

Ms. Ritchie: — I'm asking why the performance measure target is set at a lower rate. You've got a 2030 target of 600 barrels per day . . .

Hon. Ms. Eyre: — 600,000.

Ms. Ritchie: — 600,000. Thank you. And yes, again I'm just trying to understand, you know, what the targets are here. And yes, it does appear that it's a decrease.

Ms. Laaksonen-Craig: — It's just a different way of . . . [inaudible]. The other one is in million barrels annually, whereas the other one is 600,000 barrels per day. And once again, the 600,000 barrels per day corresponds to our growth plan, and so

it's for consistency.

I can help real quick with the math. In terms of, for example, in 2019 Saskatchewan produced approximately 177.9 million barrels of oil, which translated to approximately 487,000 barrels per day. And so for example then that production last year which was lower, which was 159.3 million barrels of oil, corresponds approximately to the 435,000 barrels per day which was the last year's average.

Hon. Ms. Eyre: — I will just add, Madam Chair, just on the 600,000 obviously that was in the growth plan, so going forward to 2030. And the growth plan came out November 2019, so obviously pre-COVID and the perfect storm that we've referenced a number of times in terms of the energy sector that was set to, you know, hit obviously last March. And I know in an update that I provided — this is a few months ago — but just in terms of that, I mean obviously there was an effect on the barrels per day, notwithstanding the growth projection of 600,000 by 2030 which is perhaps a somewhat different discussion. But there was very, very clearly a drop.

So for example, in terms of September this past year just as a snapshot, there were 434,000 barrels per day being produced. That was up from a low of 361,000 in May but still well below 502,000 when COVID hit in March. So that I think put things in a bit of perspective.

And I mean again, we've talked about this a few times in terms of just the production shut in. But keep in mind that drilling in Saskatchewan all but stopped between the end of March and mid-July, and so you know, a pretty massive impact. And the fact that I know in one update — and some of these notes are from then — but in September we were saying, you know, obviously the price has to be more in the 50 to \$60 range per barrel, and we are at that now.

But you know, there's a lot of market analysis, you know, being done about yes, that is at a higher barrel value now but there are still lots of other moving parts, you know, which we could, you know, get into about pipeline egress and everything else that still affect the price. But again, definitely, if we're talking about production having dropped last year and why, I think that, you know, it was certainly the factors we're all very aware of.

[17:00]

Ms. Ritchie: — Okay. So I guess we can sort of expect the reporting to follow in in the format that we see here in the performance measures for the plan for '21-22. At least I guess that's what I'm hearing back. And I guess we're, you know, we're looking at three different years here too. I guess I would acknowledge that, right? So obviously '20-21 was an anomaly. And as you say, things did pick up. It's a curious target, but you've explained it, so that's fine. We can move along.

I did want to ask in regards to forestry, I had been made aware of an oriented strand board facility that has been proposed for one of the northern communities.

A Member: — P.A. [Prince Albert].

Ms. Ritchie: — Is it P.A.? Okay. Well not Paper . . . I'm not

thinking of Paper Excellence.

A Member: — No, it's Prince Albert.

Ms. Ritchie: — Prince Albert. Okay. Well . . .

A Member: — One Sky.

Ms. Ritchie: — Thank you. Are you able to provide us with an update on the forestry allocation for that facility? I understand that that is something they need for their financing.

Hon. Ms. Eyre: — Well thank you, Madam Chair, for the question. And again, as the member knows, the forestry sector's very strong right now, and that's obviously a very positive thing. It's now the largest sector in the North.

And just as a bit of background — and certainly I'm happy to answer the question, but just for context — last year the forestry sector sold nearly \$1 billion in products, supported 8,000 jobs. Their plan is to invest more than 800 million in the sector by the sector over the next five years. So very, very positive. And obviously there's, as a result of market forces, a renewed interest in the sector and allocation and various possibilities, and that's a good thing. And we're very anxious to see a pulp mill in Prince Albert and to see jobs created. And certainly my colleagues from Prince Albert and from the area are very anxious to see those jobs created.

The issue though that the member references is around timber allocation, correctly. But it's a contract. And the member will of course understand the importance of contracts. And certainly as government, we have to honour contracts. And that contract, that timber allocation, currently expires with Paper Excellence at the end of the year. And the project that the member's referred to is also in need of timber, much of the same timber that's been allocated contractually to Paper Excellence.

But what we've been able to allocate to the other company, we have. And certainly we remain, you know, more than committed to the development of the sector as a whole in the North. And if prices stay strong in fact through this year and into next year, you know, we could surpass sales in timber royalty revenue records. So that's good news for everybody. But in terms of the allocation itself, it just very much relates to the allocation which is a contract.

Ms. Ritchie: — And has that been communicated back to the company?

Hon. Ms. Eyre: — Very much so. Everyone is aware that there is a contractual timber allocation in place with Paper Excellence until the end of December, and that's been made clear on numerous occasions.

Ms. Ritchie: — And are you able to comment then on, once that expires, what would be happening after that in terms of where that allocation would go?

Hon. Ms. Eyre: — Well the process of timber allocation we work on, as the member would know, with Environment there are, you know, interlocking parts of any allocation. And when the contract expires, we look at the allocation and how that will

all work based on many factors and milestones of production and so on.

But as I say, that's a different process for a different time, and that's after the contract expires. But the point is that right now that timber is bound up, as it were, really within that allocation for Paper Excellence. That's well known. And as I say, the timber allocations that we could provide outside that allocation to the other company, we did.

Ms. Ritchie: — Also in sort of the same neck of the woods, there is a proponent who is planning a peat moss development. And there had been some discussions last year, I noticed in *Hansard*, around the royalty for peat moss. I understand it's currently at — oh, I've got that written down here somewhere — 12 cents per cubic metre, I believe is the amount.

And I guess I'm wondering . . . I know you said that the royalty review process had been put on pause a number of years ago. And I'm not even sure that this was the appropriate place for this discussion, but last year between the Environment critic Pedersen and Minister Duncan, they talked about that undergoing any sort of review. So obviously they may have been talking out of turn because I understand that to be within the purview of your ministry.

But what can you tell me about any assessment of the current royalty on peat and the extent to which other values for that resource are being factored into any kinds of assessments, whether that's for providing natural habitat or carbon sequestration?

Hon. Ms. Eyre: — Well first I'll just say, I mean, the royalty review referenced potash, not peat, and the peat moss side of things is within the purview of Environment. Susanna, if you want to add anything?

Ms. Laaksonen-Craig: — No, I'm not able to elaborate on peat moss.

Ms. Ritchie: — Well just, you know, sort of as a follow-up question then, that *The Crown Resource Land Regulations* I believe are where the peat royalty is stated. And which ministry oversees that regulation? . . . [inaudible] . . . Maybe the better question is, does that legislation fall under your ministry?

Hon. Ms. Eyre: — No.

Ms. Ritchie: — Okay, thank you. I'll take that back. So I guess he had it right. Okay. Maybe then perhaps what you could do for me instead is provide a bit of a description of the role that the ministry does play when it comes to peat development, if any. I understand it has one when it comes to, you know, things like forestry . . . And a lot of these things are kind of shared. You've got forestry, kind of a shared responsibility. If you could maybe explain the relationship with the peat industry.

Ms. Laaksonen-Craig: — I can explain the relationship, how it relates to forestry. I have not so far dealt with any peat moss issues, so I would have to ask staff if indeed we play a role in that.

Ms. Ritchie: — And did you want to do that now or later?

Hon. Ms. Eyre: — Well it's outside the purview of the ministry. To the member, I've never dealt with a peat issue in Energy and Resources . . . [inaudible] . . . maybe confer with Environment.

Ms. Laaksonen-Craig: — Madam Chair, member, indeed all the regulations, the allocation decisions as well as royalty decisions regarding peat moss rest with the Minister of Environment. Only in cases if there was some kind of an interlinkage to forestry activities or mining activities might they reach out to us, but we do not play any other role regarding that.

Ms. Ritchie: — Okay. Thank you for that answer. The province's oil and gas processing investment incentive program is providing a 15 per cent transferable royalty credit based on capital expenditures, and I understand that the recent helium purification project that was announced is receiving funding from this program. Can you tell me how many companies have applied for this program and how many were approved and the value of the transferrable royalty credits to date?

Hon. Ms. Eyre: — Perhaps I'll let Susanna follow up if we have exact numbers in terms of application and, you know, subscription. They're well-subscribed programs, both the Saskatchewan petroleum investment incentive and the oil and gas petroleum incentive. And I think what's really important to reference about both of these is first of all they've been successful in attracting what really is value-add. This is all about, you know, value-added investments. So for example, you know, around the methane action plan, for example.

[17:15]

And as I say, one is an R & D [research and development] incentive, one is an infrastructural incentive. And the member is correct, the helium facility, now the largest in Canada, did benefit from the oil and gas petroleum investment incentive, and also correct that they're structured around transferable royalty credits, which has been extremely well-received by the sector because that is a very innovative and very practical incentive basis.

And it's really important to know about these incentives that government money follows. It does not lead. And again, I say that at every opportunity I have, that the government dollars follow private investment. So really the incentives, both the oil and gas petroleum investment incentive and the Saskatchewan petroleum investment incentive, they stimulate diversification in really what's known as the green economy, without turning our backs on our existing sectors. So they build on the strengths of our sectors and they dovetail and complement those strengths. So it really is a win-win in that regard.

And certainly in terms of numbers, if Susanna has other numbers in terms of the subscription . . . I've been to a number of announcements around these incentives, so they're definitely, they're out there.

Ms. Laaksonen-Craig: — In terms of OGPII [oil and gas processing investment incentive] we have 12 projects that are currently approved under that incentive program, one of which was, as referenced, the helium purification facility. But there are others. In terms of the actual credits that are approved, I will have to confer on that one.

Hon. Ms. Eyre: — I will just add too, Madam Chair, that we're seeing a number of the announcements — and I've made this comment too many times probably, that we're making our way through the periodic table here in Saskatchewan — but the helium announcement and the hydrogen announcement around proton technologies. And the lithium announcement, interestingly enough in terms of dovetailing on our strengths and complementing what we already do well, that's from brine in oil wells, aging oil wells, so there's a sustainability story there. And there's a wonderful link-up between that and the fact that lithium is used in electric vehicles. So those have all benefited — the lithium, the hydrogen, the helium — from one or both of those incentives.

And as I say, government money follows; it doesn't lead. I have two, I think. The first one we announced was around Gibson Energy's project for the oil and gas petroleum investment incentive in Moose Jaw: again, increased production, decreased GHGs [greenhouse gas]. Steel Reef is also building essential infrastructure that safely transports conserved natural gas for processing. So that gets into conserving gas, reducing venting, reducing flaring, tying in infrastructure. Because we do have the sort of spread-out geography here in the province where you need to tie in some of that infrastructure.

And so this incentivizes that, but it really is about value-added projects and about diversification. And in the very brief time that those incentives have been in place, there's been amazing success with them. And I think it's a model truly for the country, if not more broadly than that. I think they are very, very innovative, and as I say, the proof is in the projects.

Ms. Laaksonen-Craig: — I can provide the further numbers. So indeed there are 12 projects that are currently conditionally approved, and three by agreements have been signed. This represents roughly 66 million in capital spending. So about 10 million in royalty credits have been allocated and about 2.9 million of these credits have been applied towards the royalty.

Ms. Ritchie: — Okay, thank you for that. I know it's in the annual report that for 2019-20 there was a ministry action, a key action to improve filing of resource revenues through education outreach and audit activities. So I would just like to understand what the basis was for that key action because there's some further detail around improvements to filing of resource revenues to make it more efficient, and then there were some audits that were undertaken. And I'm curious to know, those would have been audits of the ministry's clients or subscribers I assume, and sort of what the outcome was of those audits.

Hon. Ms. Eyre: — We'll confer, Madam Chair.

Ms. Laaksonen-Craig: — Member, as the annual report outlines, we did increase the education and outreach to, for example, our licensees and IRIS users to improve the filing of these resource revenues. A big improvement was this enhanced oil recovery self-service module that was created and that helped to provide that kind of self-service mechanism.

In terms of the completed audits and reviews, there was a backlog, and in 2018-19, the budget provided funding for three additional auditors. And so a significant number of these compliance audits were then performed to look at and address

any issues in that regard.

Ms. Ritchie: — Is there a report available on the outcomes of those audits?

Ms. Laaksonen-Craig: — Yes, in the Public Accounts. I understand before I started here in Saskatchewan, I think it was in February, this went through the Public Accounts. So there would be a public record of that.

Ms. Ritchie: — Okay, thank you very much.

The Chair: — All right. Having reached our agreed-upon time for consideration of these estimates today, we will now vote off the committee resolutions for the 2021-22 estimates and 2020-21 supplementary estimates no. 2.

[17:30]

But before we begin the voting process, Minister if you have any closing remarks today?

Hon. Ms. Eyre: — No, simply just thank you, Madam Chair. I thank Ms. Ritchie and committee members. Welcome, Susanna, to Saskatchewan. This is our first official foray out together in the Energy and Resources world. And thank you very much, Madam Chair. I'll leave it there.

The Chair: — Ms. Ritchie, do you have any closing comments you'd like to make?

Ms. Ritchie: — I would just like to thank Minister Eyre and deputy minister and her staff for providing the responses to my questions here. I've learned a great deal and appreciated your forthrightness in answering them, and appreciate your time for today. Thank you.

The Chair: — All right. Before we begin voting off these estimates, Minister, you and your officials are welcome to leave at this point in time if you choose to. And just to committee members, there are quite a number of estimates to go through here for the committee, so bear with me.

Starting with Energy and Resources, 2021-22 estimates, vote 23, Energy and Resources, page 43. Central management and services, subvote (ER01) in the amount of 19,411,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Energy regulation, subvote (ER05) in the amount of 213,547,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Resource development, subvote (ER06) in the amount of 52,768,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 3,772,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes

only, and no amount is to be voted.

Energy and Resources, vote 23 — 285,726,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2022, the following sums for Energy and Resources in the amount of 285,726,000.

Mr. Cockrill so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Agriculture
Vote 1**

The Chair: — Vote 1, Agriculture, page 29. Central management and services, subvote (AG01) in the amount of 11,797,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Industry assistance, subvote (AG03) in the amount of 3,889,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Land management, subvote (AG04) in the amount of 4,504,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Policy, trade and value-added, subvote (AG05) in the amount of 5,932,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Research and technology, subvote (AG06) in the amount of 32,978,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Regional services, subvote (AG07) in the amount of 35,597,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Programs, subvote (AG09) in the amount of 24,955,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Business risk management, subvote (AG10) in the amount of 264,973,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 2,297,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes

only. No amount is to be voted.

Agriculture, vote 1 — 384,625,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2022, the following sums for Agriculture in the amount of 384,625,000.

Mr. Jensen so moves. Is that agreed?

Some Hon. Members: — Agreed.

**General Revenue Fund
Environment
Vote 26**

The Chair: — Vote 26, Environment, page 47. Central management and services, subvote (EN01) in the amount of 18,472,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Climate change and adaptation, subvote (EN06) in the amount of 4,744,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Fish, wildlife and lands, subvote (EN07) in the amount of 14,912,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Compliance and field services, subvote (EN08) in the amount of 20,764,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Forest service, subvote (EN09) in the amount of 8,063,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Environmental protection, subvote (EN11) in the amount of 45,380,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 2,312,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Environment, vote 26 — 112,335,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2022, the following sums for Environment in the amount of 112,335,000.

Mr. Steele so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Highways
Vote 16**

The Chair: — Vote 16, Highways, page 75. Central management and services, subvote (HI01) in the amount of 17,463,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Preservation of transportation system, subvote (HI04) in the amount of 118,862,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Transportation planning and policy, subvote (HI06) in the amount of 3,526,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Infrastructure and equipment capital, subvote (HI08) in the amount of 520,050,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Custom work activity, subvote (HI09) in the amount of zero dollars, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Operation of transportation system, subvote (HI10) in the amount of 128,658,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Strategic municipal infrastructure, subvote (HI15) in the amount of 41,247,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 240,521,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Highways, vote 16 — 829,806,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2022, the following sums for Highways in the amount of 829,806,000.

Mr. Francis so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Immigration and Career Training
Vote 89**

The Chair: — Vote 89, Immigration and Career Training,

page 81. Central management and services, subvote (IC01) in the amount of 18,899,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Immigration, employment and career development, subvote (IC02) in the amount of 11,774,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Training and employer services, subvote (IC03) in the amount of 5,985,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Labour market programs, subvote (IC04) in the amount of 163,585,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 1,308,000. Non-appropriated expenses adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Immigration and Career Training, vote 89 — 200,243,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2022, the following sums for Immigration and Career Training in the amount of 200,243,000.

Mr. Cockrill so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Innovation Saskatchewan
Vote 84**

The Chair: — Vote 84, Innovation Saskatchewan, page 85. Innovation Saskatchewan, subvote (IS01) in the amount of 28,727,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Innovation Saskatchewan, vote 84 — 28,727,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2022, the following sums for Innovation Saskatchewan in the amount of 28,727,000.

Mr. Steele so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I said it would be long. Pay attention.

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

The Chair: — Vote 35, Saskatchewan Research Council, page 107. Saskatchewan Research Council, subvote (SR01) in the amount of 35,809,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Saskatchewan Research Council, vote 35 — 35,809,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2022, the following sums for Saskatchewan Research Council in the amount of 35,809,000.

Mr. Kirsch so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[17:45]

**General Revenue Fund
Trade and Export Development
Vote 90**

The Chair: — Vote 90, Trade and Export Development, page 123. Central management and services, subvote (TE01) in the amount of 6,153,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Strategic policy and competitiveness, subvote (TE02) in the amount of 2,622,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Economic development, subvote (TE03) in the amount of 8,926,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. International engagement, subvote (TE04) in the amount of 14,413,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Saskatchewan economic recovery rebate, subvote (TE05) in the amount of 174,800,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Trade and Export Development, vote 90 — 206,914,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2022, the following sums for

Trade and Export Development in the amount of 206,914,000.

Mr. Jenson so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Water Security Agency
Vote 87**

The Chair: — Vote 87, Water Security Agency, page 127. Water Security Agency, subvote (WS01) in the amount of 67,503,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Water Security Agency, vote 87 — 67,503,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2022, the following sums for Water Security Agency in the amount of 67,503,000.

Mr. Cockrill so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Supplementary Estimates — No. 2
Agriculture
Vote 1**

The Chair: — Supplementary estimates no. 2, 2020-21. Vote 1, Agriculture, page 11. Business risk management, subvote (AG10) in the amount of 4,371,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Agriculture, vote 1 — 4,371,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for Agriculture in the amount of 4,371,000.

Mr. Francis so moves, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Supplementary Estimates — No. 2
Highways
Vote 16**

The Chair: — Vote 16, Highways, page 12. Infrastructure and

equipment capital, subvote (HI08) in the amount of 57,000,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Operation of transportation system, subvote (HI10) in the amount of 23,000,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Strategic municipal infrastructure, subvote (HI15) in the amount of 16,600,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Highways, vote 16 — 96,600,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for Highways in the amount of 96,600,000.

Mr. Steele so moves, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Supplementary Estimates — No. 2
Innovation Saskatchewan
Vote 84**

The Chair: — Vote 84, Innovation Saskatchewan, page 13. Innovation Saskatchewan, subvote (IS01) in the amount of 12,000,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Innovation Saskatchewan, vote 84 — 12,000,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for Innovation Saskatchewan in the amount 12,000,000.

Mr. Cockrill so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Committee members, you have before you a draft of the first report of the Standing Committee on the Economy. We require a member to move the following motion:

That the first report of the Standing Committee on the Economy be adopted and presented to the Assembly.

I recognize Mr. Steele.

Mr. Steele: —

That the first report of the Standing Committee on the Economy be adopted and presented to the Assembly.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, that concludes our business for this evening, and I would now ask a member to move a motion of adjournment. Mr. Cockrill so moves. All agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee stands adjourned to the call of the Chair.

[The committee adjourned at 17:53.]