

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
May 16, 1978

EVENING SESSION

COMMITTEE OF FINANCE - MINERALS RESOURCES - VOTE 23

Item 1

Mr. R.A. Larter (Estevan): — Mr. Minister, I would like to ask if you and the government feel that the oil companies and the potash companies or the multinationals have been ripping the government off over the last few years?

Hon. J.R. Messer (Minister of Mineral Resources): — Well, Mr. Chairman, I think that under the policies that we now find ourselves subjected to in the province of Saskatchewan, the answer is no.

Mr. Larter: — I am pleased to hear you say that, Mr. Minister. I would like to ask you if you feel that some of the revenues the government and the people of Saskatchewan have been receiving over the last few years - if you feel that you have not been receiving the amount out of the royalties or the revenue out of the resources over the last few years that you should have been? That is almost in the same vein but would you answer that please?

Mr. Messer: — I do not know whether I am really clear on what the member's question is. Certainly there remain and say some ongoing discussions that one might be unkind disputes in regard to the collection of some of those revenues but I think speaking across the board generally that the policies guarantee the people of Saskatchewan that they are to receive a fair return for the extraction and ultimate sale of their non-renewable resources. I cannot say that in each and every instance we are satisfied with the performance of some of those companies but I think it has certainly improved vis-a-vis what it was a number of years ago.

Mr. Larter: — Mr. Chairman, Mr. Minister, would you agree that if I sold a used tractor to a farmer and I had been short-changed on the deal and it was really the customer's fault (whom I sold to), if I felt I had come up with less money on the deal do you feel that it is the customer's fault? Do you feel that I should be able to go back on him?

Mr. Messer: — Well, perhaps I should apologize to the member but I seem to have lost him along the way. I do not know whether I am correct to say that if he sold a tractor to a farmer and was somehow short-circuited or short-dealt in the deal (the seller of the tractor), would I believe that that is the customer's fault and would I hold him responsible. I don't know whether I can really answer that question. I don't know what the circumstances are with regard to why the dealer or the seller might consider himself short-dealt that way. I apologize, Mr. Chairman, but I just can't answer the question unless I have some relevant facts. I don't know what the member is building up to. I think it is obvious he is doing this scenario to get to something. Perhaps he could get to it.

Mr. Larter: — Mr. Minister, would you agree that if the people of Saskatchewan and the government of Saskatchewan have been short-changed through the past 15 years on their resources, whom would you hold responsible for that? Would you hold the companies responsible or would you hold the people that were dealing the hand?

Would you say the governments, whether they are Liberal or NDP, would you say they are responsible? Wouldn't you think they were responsible for the type of deals that the people of Saskatchewan got? Would you not blame that on Liberal governments and NDP governments or would you blame it on the customer?

Mr. Messer: — Well, Mr. Chairman, I think the picture is a little clearer now. And in answer to the member for Estevan's questions, I would say that is if there were policies in place and those industries or those entities that were involved in the developing, extracting and selling our resources were not abiding by those policies then clearly I would hold them responsible and there should be some actions undertaken to see that they do recognize and abide by the laws of the land as do other citizens in the province of Saskatchewan.

On the other hand if the policies were deficient, I would not blame the industries or those that he is taking advantage of those policies if they were deficient. I would like to say, though, that I don't believe that the collection policies and the whole developmental attitude of this government in regard to resource development is in any way deficient. I think that it has taken a very serious look at the benefits that we should be able to accrue from the development of that resource, taking into account that it is a non-renewable resource. Some of it has a very extended lifetime, some not quite so extended. We want to make certain that the people of Saskatchewan get the maximum return from that resource development and would like to see that money put into something which will give them some assurance of a stability within the province when the revenues from those resources can no longer be expected because we have just exhausted our ability to extract them.

Mr. Larter: — Mr. Minister, I would agree with you completely. Don't you agree though that over the past well at least three years that I have been sitting and standing on this side of the legislature, don't you really feel that you have been unjust in charging some of the so-called multinationals as going against the wishes of the people of Saskatchewan, or doing things they shouldn't have, or being the big, bad guys, when really it is the government of Saskatchewan, both now and in the past, that has been responsible for the moves and the moves that were permitted by the so-called multinationals to make? Don't you really believe that the Liberal governments and the NDP governments are responsible? Yes or no.

Mr. Messer: — No, I would not agree that the government has been unjust in dealing with these multinationals. Clearly the member is aware of some of the circumstances pertaining to some of the confrontation that the government has had with the so-called multinationals. The best example, I think, would be the potash industry and he is well aware of the discussions and the deliberations and the confrontations that we went through in past years in undertaking to come to a satisfactory solution with that particular industry.

I might say, though, that it is not only a situation that took place in the province of Saskatchewan. I think if one looked across Canada and, perhaps, North America that you would have seen in the last decade or decades, some confrontation between the so-called multinationals and either provincial or state governments - federal governments, national governments, because there was a lack of understanding on behalf, I think, first of the multinationals in what they should be paid to the people who, in fact, owned the resource in the region that they were extracting it. I think that the member might recall that it is not all that long ago that some of those multinationals undertook some national advertising campaigns to express their point of view. It wasn't

only against the government of Saskatchewan. I think it was against all governments and that they were wrong. I think that they subsequently changed their minds in that regard and decided that there was going to be a different environment or a different atmosphere of resource development and uranium development. So that this is taking place, not only in the province of Saskatchewan, but in other areas as well. I think that we have now reached a much better level of understanding in regard to what the fee is for the extraction of our resources.

Mr. Larter: — Just one last question on this series, Mr. Minister. Mr. Chairman, I wonder if you . . . Never mind, you are not running federal anymore. You don't have to promote . . . I can't remember your name now. Mr. Minister, you mentioned that there was a misunderstanding among governments all across Canada. I would say that it was not only a misunderstanding; I would say that the governments of Canada and Saskatchewan and other provinces weren't just as good on the negotiations as the companies were. Why would you blame this on some short comings of the company? Why would you take them to task on trying to get a profit out of what they were trying to do in Canada? Now, I can't understand why you have and all governments have chosen to take the role of blaming the multinationals on things that have happened to governments and to individuals who are dealing for governments, on their shortfalls?

Mr. Messer: — Well, I can appreciate the member for Estevan undertaking to be the defender of all multinationals irrespective of their errors and faults of the task but the fact of the matter is, in many instances and if you want to use the potash industry in Saskatchewan as the example, they not only refused to pay taxes which were the law of the land, they all so refused to provide information to the government which is also a law of the land. I think in those instances it was legitimate and only right of the government to undertake to deal with them in an appropriate manner so that they would respect the laws of the land as all other citizens do in their day to day activities.

Mr. R.L. Collver (Leader of the Conservative Opposition): — Mr. Chairman, first of all I would like to join with the . . .

Mr. Chairman: — The member for Wascana.

Mr. Collver: — I beg your pardon, Mr. Chairman, I was on my feet and two-thirds speaking before he got up.

Mr. Chairman: — The member for Wascana.

Mr. Merchant: — I say to the member for Nipawin that . . . I'm always trying to educate him as best I can to the ways of the House and getting to know people and understanding the procedures of the House is certainly a good . . . (interjection) . . . a good first step.

Mr. Chairman, if, before I so rudely interrupted myself, I could get back to the area of the uranium inquiry. I wonder if the minister would indicate in a vein that is less rhetorical than the vein in which we ended at 5:00 o'clock and whether I would be unfair in categorizing the Bayda Inquiry as really an inquiry basically versed in politics. The inquiry, I submit, very carefully or the government very carefully picked the people who were going to sit on the commission, picked the people who were going to sit on the commission anticipating that the commissioners would go along with the basic intention of the government, that being an intention to allow uranium development. I

say versed in politics, Mr. Chairman, because I believe as the member for Regina South said earlier that the whole purpose of the inquiry was to satisfy the left wing of the NDP who, at a convention, raised some concerns about the prospect of uranium development in this province. I say to the committee that this multimillion dollar sham, and that's what it is, it's a sham and a fake, not a sham and a fake by Mr. Bayda and the crew who sit, not a sham in that sense, Mr. Chairman, because the commissioners, I believe, are well intentioned and are doing the best job they can to conduct a serious and a proper inquiry, but a sham in the sense that the government was determined that they would know what the likely outcome was and this was nothing more than window dressing. It was sort of a false front to convince the left wing of the NDP that the government was prepared to conduct a legitimate inquiry. Mr. Chairman, I say to the members of the committee that what you have to do is look at the evidence, not look at the words of the minister, the words that change from time to time (the minister himself changes from time to time) but look at the evidence. It would appear that absolutely nothing has changed as a result of Bayda being set up and the Bayda Inquiry proceeding. When Bayda was slow in coming down with his report, first saying that the report would be forthcoming shortly and then that report seemed to get delayed, it didn't seem to matter one iota to the actions of the government, as though the government knew the direction that Bayda would take. Indeed, everything that the minister said indicated that the minister didn't care one hoot what the Bayda Inquiry did; the minister was going to proceed in exactly the way the minister thought was appropriate.

The minister was put into this position and moved from another senior cabinet position because it was the decision of the government that they were going to try to get things going again in mineral resources. They were going to take the doctrinaire, left-wing NDP thumbscrews off the resources industry in this province and it was all consistent, Mr. Chairman, when first you have a clear direction for uranium, you have Bill 47 which takes the thumbscrews off to some extent on the oil industry; you have a kind of a go-slow attitude in coal; you have in hard-rock mining an intention to try to get hard-rock mining going. The government - the Premier - who is not bad at this, did a careful check to see if he had anybody in the government that might be able to get along with business and decided that at least he had one minister who perhaps was curiously within the NDP and should not have been there and said, well you're the guy. You go in there and see if you can't get the industry going again. We have, in that commission versed in politics, what looks like a simple solution. We'll blow a million dollars of the taxpayers' money on a silly commission but it will satisfy the NDP doorknockers. Well now time has gone on and more money than that has been spent and a great deal of money . . . (inaudible interjection) . . . No, I don't knock you people for your politics. I just knock you for spending taxpayers' money on what is a cheap paper job and what is a cheap political cover-up. You have the Bayda Commission versed in politics and then things started to fall apart; the plans just didn't seem to work out. First, Bayda didn't bring in his report and you had massive losses to AMOK as a result of the delay in the Bayda Commission. So you had the curious situation of the government hoping and trying to persuade the Bayda Inquiry to bring down this rubber stamp inquiry, rubber stamp decision, because of the AMOK losses. The province has lost as a result because AMOK has not been able to go ahead as quickly as it should. You've had the large costs, Mr. Chairman, of the Bayda Inquiry, far larger than were anticipated and far larger for the industry than was anticipated. Lastly you have had the kind of loss of respect for the Saskatchewan government by the industry even though things are fat in Saskatchewan.

Now, I ask the minister whether that is not a fair characterization of what has happened

in the uranium industry. I ask the minister in specific terms if Bayda said, AMOK may not proceed, would you not allow AMOK to proceed? If Bayda said, there will be no further uranium development, if you would shut down uranium development in this province - I am not suggesting that may or may not be the right course to follow. But if Bayda said, we think it is too dangerous, wouldn't you then say, we'll overrule Bayda? We think Bayda is wrong; we've looked into it; we've decided. Every single thing, Mr. Chairman, that this government has done indicates that they prejudged the whole circumstance; they prejudged their decision. That is why I say that Bayda is so clearly versed in politics but the cost of the Bayda Inquiry and the embarrassment to Bayda and the other commissioners which this government has heaped upon them and this minister has heaped upon them, does a disservice to the province, and does a disservice to the taxpayers of this province.

Mr. Messer: — Well, Mr. Speaker, I do not agree with the member for Wascana, two points he makes and then several questions he asks, two questions to be specific.

One instance I listened to him at the opening of his remarks to tell us that the government picked the people to sit on the commissions so that we would be relatively certain that there would be uranium development. On the other hand, he is saying that the committee has good intentions and that they are conducting a serious credible inquiry. I don't know, I kind of lose the member there, if he picked a bias committee, I can't see how they can be undertaking as the member said, his words 'conducting a serious credible inquiry'. Having said that, he said we are going to blow \$1 million; they are going to rubber stamp uranium development in Saskatchewan. I can't see how they are going to rubber stamp uranium development if they are conducting a serious credible inquiry. He calls it a silly commission, yet he said these people are well intended. They are conducting a serious credible inquiry, yet in the net result he says they are biased while they do this and they are going to rubber stamp uranium development.

That's the one point I want to make. The second is he talks about the evidence. He says again, his words, 'nothing has changed with Bayda'. Nothing has changed with Bayda. I listened to the member before the dinner hour tell us that there has been substantial changes during the course of the Bayda Inquiry.

No, Mr. Chairman, you can't have it both ways. He's saying on one hand, nothing has changed with Bayda. I don't know if that's right or wrong in his mind; on the other hand he is saying there has been substantial change during the course of the Bayda hearings. I don't know whether in his mind that's right or wrong, but he is not very positive and he certainly doesn't pursue one common train of thought or objective. His two questions that he ends up asking are also somewhat interesting. When he talks about the Bayda Inquiry being fixed and that it's going to rubber stamp, he asks what we are going to do if the Bayda Inquiry recommends against development of uranium. It seems like an illogical scenario when he is so certain that this well-intended conducting body, this body conducting a serious credible inquiry which is going to rubber stamp uranium development, what are we going to do if it recommends against that? I think that's an argument against his own case. The inquiry cannot be expected to say one or the other until we have the benefit of its report. The questions he asked, in specific terms, if they recommend AMOK should not proceed what will the position of the government be? And I think that I have undertaken to make it clear, the inquiry was formed and on various occasions since that time, that AMOK had to be considered somewhat different from the rest of the uranium mining activity in the province of Saskatchewan, in that the terms and conditions of their development of a mine in

Saskatchewan changed with the announcement of the board of inquiry, in that they were going to look at not only the health and safety in the environmental concerns, of the actual mining in the province of Saskatchewan, but they were also going to look at the broader issues, global issues, in regard to nuclear development and proliferation of nuclear power. If there was a negative decision the government would be confronted with a somewhat different situation than dealing with, AMOK than it would with Key Lake, Gulf Minerals or Imperial Esso minerals and some of the other companies that are developing uranium and are not as far advanced as is the AMOK operations. I cannot say and it would be improper for me to say with precision what the government would do if that inquiry came forward with a negative proposal. I think that we have to wait and have to see what the recommendations and reasons for those recommendations are.

The second question the member asked is that they come forward with a more general conclusion in regard to all development in total and that there be no development. I think that I have to say here that we have made it perfectly clear that the government will not make its decision in regard to uranium development in Saskatchewan until we have the benefit of that inquiry. I can quote the Premier having said on a number of occasions, Mr. Chairman, that if the inquiry recommends against the development of uranium that this government the Premier quoting, we have lived without uranium, at least an extensive expansion of uranium activity in this province up to now and it's quite likely that we can live without it in the future. But that does not preclude the government from making a decision one way or another. We will consider the recommendations of the Bayda Inquiry and it certainly will have a very significant influence on the government's final decision pertaining to development.

Mr. Merchant: — I want only to pick up on one remark the minister made. He implied that I had said that Bayda was in some way fixed; he used the word fixed. Certainly I did not say that. The sham of the Bayda Inquiry has not been from the commission; the sham has been that the government thought that Bayda would be nothing more than a rubber stamp. The government planned it as a sham. The government planned it as a rubber stamp. The government chose the commissioner's thinking, that they would be nothing more than a rubber stamp. The government suggested to the commission that the study be brought down quickly in hopes that they would not give proper consideration. The government restricted the commission in their travel. The government said to the commission, unlike the Australian Commission, that you may not go outside of the country. The Australian Commission went to Germany and travelled around the world and looked into the matter and looked into the use of uranium. They brought down a very complete study. The sham, the fix, and I did not use the word fix, the sham and the fix were intended by the minister and intended by the Premier and is has not worked out that way. The intention, when this commission was first in politics, was that it would just be a little passing incident that would be sort of a sop to the left wing of the NDP. The Bayda Commission has turned out to have taken their inquiry far more seriously than the NDP hoped and that is the reason it has turned into an embarrassment for the NDP. Any deception has been a political deception, not a deception by the commissioners or a deception by Mr. Justice Bayda.

Mr. Chairman, I ask the minister whether you would be prepared to table the documents related to the Uranerz purchase in subsequent sales in Eldorado.

When we rose for dinner at 5:00 I think it was apparent to anybody, in a fair reading of the April 3 remarks particularly and the March 21 remarks, that the minister misrepresented the situation in the House. The minister did never choose, Mr.

Chairman, to tell us whether he was misinformed at the time or whether he was deliberately trying to leave false implications. But in any event, clearly on any fair reading by members, the fact is that you left a false implication for members of the House. Obviously the minister did not have some kind of extension on the Uranerz deal as he implied in his remarks in March and April.

I ask now whether the minister, in what he describes as a pass-through, which is not a buy and it is not a sale. It was a buy and a sale on television but it is not anymore. Since it has changed and it is nothing more than a so-called through-put, would the minister be prepared to table the documents related to that by itself? Would the minister be prepared to table first the option agreement and secondly the sale agreement because I think that taxpayers in this province would be interested in knowing whether in fact the people of Saskatchewan are putting up any money on this speculation or not.

Now, I leave that to the minister. I say to you, surely there can be no harm in tabling these documents. All of the parties to the various agreements have the documents. The agreement is consummated and completed; at least that was the essence of your statement yesterday. Are you refusing now to table the documents?

Mr. Messer: — Mr. Chairman, let me first make some remarks with regard to the member for Wascana's statements. He continues to pursue the fact that the committee was biased, that we chose a biased committee. I think my only comment to that has to be that that is an insult to the members of that committee and I think that, had that been the intention of the government, they would not have sat as members of that committee.

It is unfortunate that that member undertakes to criticize the committee in that manner. I might also say that when we announced that committee, I do not recollect receiving any criticism from the general public in regard to the makeup and/or the criteria that that committee would operate within.

Not only do I not recall any criticism from the general public, I do not, Mr. Chairman, recall any criticism from those associations which were keenly interested in the undertaking of that inquiry, meaning the environmental associations themselves; in fact to the contrary, some of those environmental associations commended the government for the makeup of that inquiry. So that the member for Wascana may be out in left field all by himself in regard to his interpretation of the inquiry. I am satisfied that the organized groups of people who are concerned about uranium mining and related activities in Saskatchewan feel that the inquiry is a credible one and I think that, generally speaking, the populace of Saskatchewan would agree with that as well.

The Bayda Inquiry, he criticizes the Bayda Inquiry or the government for not extending to the Bayda Inquiry the right to travel around the world to pursue its deliberations. I do not think that that is really necessary because it had the benefit of a number of very significant inquiries that have completed their responsibilities. One, the Flowers Inquiry in Great Britain; secondly, perhaps more notable and better know the Fox Commission in the Commonwealth of Australia. They had the opportunity of informing themselves of the benefits of those two inquiries, they also had the opportunity of calling expert witnesses to the inquiry here and they have, people who were involved in both the Fox Inquiry, and perhaps even the Flowers Inquiry, but certainly a number of experts from outside of Saskatchewan, outside of Canada, coming from the U.S. and from Australia and, I believe, other parts of Europe as well. So that they were in a way inhibited in getting all of the information that they required in order to bring about a

final recommendation to the government.

The member concludes by asking whether or not we would be prepared to table the agreement containing the option and also the sale agreement. I think that that would be improper. There are some other parties involved in this, to say the least, Inexco. I don't know whether they would agree with that document being made public. I don't know whether Uranerz would agree with that. I don't know whether Denison would agree with that. I don't know whether Eldorado Nuclear would agree with that. I had conveyed to the legislature yesterday that the government of Saskatchewan, through the SMDC, is not committing any money to the transaction. It is not morally committed, it is not committed in an operative way. It has no attachment to the option that has been exercised by Eldorado Nuclear and I think that that is sufficient and that it would be improper to undertake to table those documents at this particular point in time. I also must say, Mr. Chairman, that I don't believe that it is a responsibility of the Department of Mineral Resources and that's whose estimates you are dealing with at this time, to table that document. In fact the Department of Mineral Resources do not have that document in its possession. It may well be that Saskatchewan Mining Development Corporation has that . . . (interjection) . . . that's fine you go ahead and ask for it two years from now but it is more appropriate that the Saskatchewan Mining and Development Corporation should perhaps be requested to make those documents available. As minister responsible for that corporation I would say that it is not appropriate for the same reasons I have conveyed to this committee.

Mr. Merchant: — Mr. Chairman, I really don't know why the minister would choose to keep those documents secret. I suppose he's much like Huckleberry Finn who, while floating down the Mississippi one day, thought he would give some advice on life in general to Jim, and he told Jim, if you ever get caught in a tight spot you should lie first because you can easy make up for it later if it doesn't work out good by telling the truth. I often get the impression when I deal with this government that they keep back documents just as a twitch reaction. That they will say, well, the best thing we can do is not tell them anything because if we don't tell the people of the province anything they may not discover what's going on in the province and they may not have a better understanding of the way we're dealing with their affairs.

Mr. Chairman, I move, seconded by the hon. member for Regina South (Mr. Cameron):

That all documents related to the proposed Uranerz sale and purchased by SMDC and Eldorado Nuclear of uranium property be tabled forthwith.

Mr. Messer: — Well, I would request the members of the Legislative Assembly to defeat that motion. I think that evidence will show that the government has been as open as possible in its consideration of uranium development and its involvement in uranium development. The member of Wascana may be alone in assuming a different stance or position; some of his colleagues from the opposition Liberal caucus at least but I don't believe that to be the case, also think that the question is whether or not the minister of the Department of Mineral Resources should undertake to table the document that the department does, in effect, not have. The Department of Mineral Resources does not have a copy of any such transactions and the member for Regina South should know that to be the case. The business that is conducted by a Crown corporation with private companies is business that is confidential to that Crown corporation and those private companies. That is simply because the chairman of that Crown corporation may be a minister of a Crown. To assume that they have all of that information and that it is therefore the responsibility of the minister to table that to this

Legislative Assembly would be improper. I would again urge, Mr. Chairman, that the members of this committee vote against the motion that the member for Wascana proposed.

Mr. Collver: — Mr. Chairman, the fact is that the Liberals are about to filibuster this particular motion so I am going to let the member for Regina South get in to speak for this motion, because of your recognition of them and their half-hour display in which you allowed them to go on for a half-hour and then walk outside this legislature and talk about PCs delaying the House. Go ahead, Mr. Member for Regina South.

Mr. Cameron: — That wasn't one of the most worthy contributions the member has made, although I must say he is not distinguished for his worthy contributions. It is a serious issue here, Mr. Chairman, that deserves some airing. You can't seem to distinguish between private business and the public's business. Now, when the government of Saskatchewan through one of its agencies, undertakes to spend presumably something in the order of \$158 million or \$160 million, I think that the minimum requirement is that you indicate to the members of the legislature what the terms of that agreement are, in some other way than the sort of wishy-washy way in which you indicated yesterday and even the more wishy-washy way in which you indicated yesterday on television.

If I ever saw a display on television which was beyond the capacity of anybody to understand it was the one I saw last night. When asked about the terms of the deal he said, oh, it all depends in which dollars it is paid, whether it is American dollars or Canadian dollars or Swiss francs or some other currency we couldn't understand. But asked about the terms of the agreement and the cost he said he wasn't sure because it depended on a whole lot of ifs, or whens, or buts or provisos in the agreement. He didn't answer a single question that the public may have on its mind as to the terms of this agreement.

Bear in mind that you are spending \$158 million or \$160 million and we have had nothing but a fuzzy indication from you yesterday and an even fuzzier indication last night on television as to what the terms of that agreement may be. The fact of the matter is this: you are embarrassed - grossly embarrassed - embarrassed by the whole business of uranium development because you would like to have it both ways. On the one hand, of course, there is no creature in the world that is as suspect as are the multinational corporations when you are dealing in oil and potash. You have all kinds of reasons why you shouldn't be mixed up in any way with multinational corporations in potash. When it comes to uranium you have a wholly different attitude. The thing is, you don't want to seem to be hypocritical about it so you stalk about in the dark with your arrangements with the multinational corporations in uranium. That is a fact. You know, the SMDC is the child of the people of Saskatchewan and you would think for all the world that it was having some sort of a secretive affair with the multinational corporations that it walks hand in hand with respect to uranium development because it stalks about in the dark behind closed doors and will answer no questions. I think you are totally embarrassed in a philosophical sense to be walking as you do, hand in hand and sleeping all the while with these multinational corporations in uranium and on the other hand denouncing them in respect of their activities in potash and oil. That is the fact. You are embarrassed, totally embarrassed. I suspect if the day ever comes when we see the agreement, this last agreement that you announced yesterday and that you spoke about on television last night in terms that no one could understand, I rather expect that we are going to find some clauses in there of a wholly surprising nature. That is why you won't disclose it. It continues to be a mystery to me why, when you are

spending this enormous sum of money, that you don't feel the pressure to disclose more fully to this House and to the people, exactly how you are spending that money. You are not dealing in nickels and dimes; you are not even dealing in \$1 million. You are dealing in \$160 million and we have nothing in the way of information except that little statement yesterday and the sloppy explanation on television last night.

One day, in some way or another, you are going to have to account for these things. I don't know when or how because we can't seem to get through to you. Don't you understand it is fundamental of our system that there be disclosure to the maximum extent possible? You didn't give us one single reason, not one good reason why you couldn't disclose in more detail the terms of this agreement. Now you won't file the documents. The question is, why won't you; why won't you file these documents? This is the public business you are conducting. If you found that sort of activity and that attitude repugnant in the potash companies, as you referred to earlier, how much more repugnant is it in your own government? I think you stand condemned. I wish we could find a way in which to rebuke you adequately for the attitude that you take in respect of these arrangements.

You came in here, yesterday, as you did and you talk about \$158 million deal, more or less, according to you. What dollars it is being paid we have no idea. We don't know the terms of the agreement between you and Denison or you and Inexco, or the terms of the agreement between you and Eldorado. We have suspicions, as people have broad suspicions, that what is happening in this whole area is that the pressures are building upon the government because of the extent of the expenditures in the value of the product to make a decision to develop, in a full scale way, irrespective of what Bayda says.

As I say there is not very much that an opposition can do except in this sort of an inadequate way, to somehow bring you to task for this attitude. I tell you the attitude is wrong and that we have a responsibility here. We have a right to see far more in the way of information than you have given us. I tell you, I think you stand condemned in this respect.

Mr. Messer: — Mr. Chairman, the member may undertake in his misleading plea, to allude to the government operating or conducting its business in a misleading manner and that is simply not correct, simply not correct, Mr. Chairman.

We have said that we would not, as a government or as a Crown corporation through the Saskatchewan Mining Development Corporation, acquire an enlarged interest in the Key Lake holdings until we have the opportunity of having Bayda report to us, until we have the opportunity of the government of Saskatchewan deciding on uranium development in this province.

The member continues to relate to the hundreds of millions of dollars - \$158.5 million or whatever it may be, that we are committed to. I think the statement that I made in the legislature yesterday was clear in that the government is not committed in any way, either in a monetary way, a moral way, a developmental way in regard to the option that Eldorado Nuclear now has with Inexco, that holds a one-third interest in the Key Lake development. It is misleading to try and convince members of this Assembly and the people of Saskatchewan that by some mysterious means the government is committing millions of dollars. The member for Wascana was, one moment ago, trying to allude to the tens or hundreds of millions of dollars that Eldorado Nuclear has committed themselves to. I, again, remind members that there are certain conditions attached to

that option of purchase, not to say the least of which is a report from Bayda, which recommends uranium development in Saskatchewan and ultimately a decision by the government of Saskatchewan to develop uranium. If those two conditions are not met then the option to purchase is not concluded and they are not obliged to pay the \$158.5 million U.S. The member is deliberately trying to mislead the members of this Assembly and the people of Saskatchewan to suggest otherwise. I ask the members of this Assembly to defeat the motion.

Mr. Cameron: — Mr. Chairman, I want to refer the minister to the 1976-77 annual report of SMDC. This is why, you understand, we keep asking these questions partly because of the sort of minimum information we have and, secondly, because of the veil of secrecy which seems to pervade everything else.

If you look at this annual report you will see that the annual report sets out seven stages in the development of uranium deposits. You begin stage 1, which is reconnaissance and exploration and ends at item 7, which is mining and milling operation. So it has a chart set up in various shades of colour where you go from the first step 1 down to step 7. Now if you look at the annual report you will see that there is an item number 30 on page 15 of the report which refers to Uranerz, Key Lake. It shows that 33.33 per cent interest is held by SMDC and the other third by Uranerz and the other third by Inexco Mining Company. That was virtually two years ago; it showed that Key Lake deposit in stage 4 and virtually completed in stage 4. Now, let's look at what stage 4 is. Stage 4 is this: seismic development work and preliminary economic evaluation activity, closely spaced diamond drilling, more reserved calculations, preliminary mining and metallurgical studies - start the environmental studies, preliminary economic evaluation including market studies - purpose, to establish more reserves, production rate and profitability.

Almost two years ago, you were at that stage, virtually complete. But presumably you are now in stage 5 or 6. What is stage 5 or stage 6? It is the final feasibility study and mining development. That is how close you are in respect to that property. I look at this annual report and I see that two years ago you and your multinational partners decided, among other things, to conduct a study with respect to road construction to the mine? My second question to you is whether there has been some drainage taking place in Key Lake in accordance with the development stage set out in your annual report, that is to say the final feasibility study at mine development stages? The information that we have leads us to believe that that is a fact.

Now, I am going to ask you for the time being to put yourself in our position when, as I say, this is the information we are given in the annual reports; that's almost two years ago. We have since seen the major development take place, that is to say the additional staking of a large variety and people don't spend money without a reason - \$40 million allotted to SMDC for, among other purposes, development purposes, and that word wasn't put in the budget by mistake. We see, in addition, that you are prepared to enter into a transaction costing presumably the people of Saskatchewan or the people of Canada \$158 million or \$160 million, depending on your arrangements which you won't disclose. We see in addition to that \$50 million to \$70 million of expenditure by

other companies in that area last year. All of these things clearly add up. They would add up to the stupidest person in the world, to enormous pressures to develop uranium in northern Saskatchewan.

Now, this latest deal, which we see as evidence of your intention to go forward, you are denying us the details of it. Given that crucial background, as I said to you earlier, I don't know what we can do with respect to it except to continue to raze you in some way. But in one way or another, at one time or another in due course somehow you are going to have to account for not giving to us far greater disclosure than what you are giving to us in these circumstances.

Mr. Collver: — Mr. Chairman, to just make one comment to what the member for Regina South said, and I sincerely hope we can get to the question on this rather facetious motion. We have some questions that we would like to ask about this arrangement that we will be asking after the motion is dispensed with. In terms of this motion, I don't see how the move to take an option agreement by the government of Saskatchewan to become converted into a federal Crown corporation is in any way moving forward on uranium. Now, I may be wrong on this, perhaps the minister can enlighten me, but as I understand it the government of the province of Saskatchewan had a right of first refusal on some shares in a corporation that they had already made arrangements with for Key Lake to mine uranium. They had this right of first refusal; along comes Romancorp makes an offer to Inexco; the government of Saskatchewan says, it's reasonable, let's go to the feds. The federal government says, yes, we'll pay the price; they step in and take up the deal. Now am I correct in that explanation, Mr. Minister?

Mr. Messer: — Well, Mr. Chairman, it isn't often that I agree with the Leader of the Conservative Party, the member for Nipawin, but in general terms he has explained the scenario of events in relation to the one-third interest in the Key Lake development.

Just a brief response to the member for Regina South. Perhaps other members and those in the gallery are impressed by the MLAs ability to read the annual report; I am not really. We had Crown corporations this morning for the Saskatchewan Mining Development Corporation. If the member was conscientious as he should be instead of undertaking to still pursue his seeking of election as a federal MP, he would have been at those Crown corporations. He would have had a lot more opportunity, Mr. Chairman, a lot more opportunity to go into detail of Saskatchewan Mining and Development Corporation's activities, not here during the estimates of the Department of Mineral Resources. Not here. Now he may be able to read what stage 4 is and stage 5 is and stage 6 is of the development of uranium plans and then ask questions in regard to the role of the drainage and the like of that, but I want him to know that all of the activity that continues to take place at Key Lake by the three joint venture partners are all related to stage 4 development. They have not gone beyond that and the member is again trying to mislead this House that we have gone more beyond stage 4 when he knows full well we haven't. I also ask him to keep in mind that one of the terms of reference of the Bayda Inquiry was that business should go on as usual during the course of the inquiry and that is exactly what is going on and we should not now be criticized. As the Minister of the Environment says, read those terms before you get up and start to criticize this government for its actions.

Mr. Malone: — Mr. Chairman, Mr. Minister, the issue right here now is not so much Inexco, it is not so much Eldorado, it is not so much SMDC. The issue is whether we in the opposition can trust you. That is the issue. We have been saying most of the

afternoon and tonight that you very seriously misled this House and the people of Saskatchewan by your comments in this House and outside the House on the Denison and Inexco deal. Now I think, Minister, that you probably realize that you hold the most important portfolio in this government. Potential for uranium development in this province is beyond most people's realization; the economic realities that will come from that . . . (inaudible interjection) . . .

Mr. Collver: — As I understand it, we are discussing that factious notion put forward by the member for Regina Wascana. The Leader of the Liberal Party is now attempting to try to discuss the entire uranium development in Saskatchewan. Surely that is not on point.

Mr. Chairman: — Yes, I think it is on a point of order. I would ask the member for Lakeview to keep his remarks to the motion that we were centred around.

Mr. Malone: — Let me suggest to you then, Mr. Chairman, that when in committee, Committee of Finance, we can ask any question we want to; we can talk anything we want to, on the Department of Mineral Resources, SMDC, uranium, oil, potash - anything you can name.

Mr. Chairman: — Order.

Mr. Malone: — Mr. Chairman, I will relate it to the motion. Now, let us talk about the Speaker's point of order to the member for Nipawin. If he had been here this afternoon paying attention, he would know what the issue was. The minister knows what the issue is . . .

Mr. Chairman: — Order, order, order. My ruling was that the member for Lakeview direct his remarks to the motion and that is what you have to do in light of the fact that a motion was made. I think that when a motion is dealt with you can revert back to item 1 and therefore the debate can be more permitting but for the time being, keep your remarks to this subject.

Mr. Malone: — The motion, Mr. Chairman, was made because we don't trust the minister. We don't accept his answers today, we don't accept his answers in question period in April of this year. We make the motion that we want further information on this particular deal. That minister got up in this House and he said, there's no worry about the right of first refusal because it does not start until after Bayda files his report, I say to you that the minister puts his reputation on the line when he gets up and makes those remarks in April and March and comes in here in May and denies it. Therefore, we put a motion in to see what the true facts are. Let me say as well, Mr. Chairman, that this minister, this minister has the most important portfolio in the Government of Saskatchewan, in my view, right now. The economic potential for uranium is absolutely mind boggling.

The Minister of DNS does not understand. The Minister of Mineral Resources perhaps does understand. We say that if we are going to be the opposition and have any faith in that minister, we should be in a position to be able to appreciate what he says and believe what he says.

I want to say to you, Mr. Chairman, and to the member for Nipawin and I want to read into the record the remarks of the Minister of Mineral Resources on a radio interview with Mr. Dale Robbins, CKCK Regina, earlier this year when this whole issue came

about. The report on the interview with Mr. Robbins reads as follows: Messer says, quoting Messer, the Minister of Mineral Resources, 'that the 60 day right of first refusal would begin on the day that a decision about uranium development was made.' That's when Denison Mines made the offer to purchase. That's when Denison Mines made the offer to purchase, when Bayda comes in with his report. You today get up and categorically deny that you said that. Now I say shame and I say shame to your whole government. That's why that motion is on the table; that is why we are asking for a vote - to see what the facts are. If we can't believe you on a simple matter like this, how can we believe you in the months ahead when we are going to go ahead with uranium development, hopefully, in this province? If we can't believe you as a spokesman for your department, of the greatest resource this country has probably ever seen, the greatest potential for any province in the country as far as economic returns from a resource. What are we doing here?

I say to you, Mr. Minister, that you should be urging the members of this House to support the resolution if it bears out what you said in this House in March, April and May. I say to you that if you do not urge people to support the resolution we can take that as admission by you that you misled this House and you misled it in the most shameful way.

Mr. Merchant: — Mr. Chairman, if the minister is not prepared to answer any of these inquiries, I then ask the minister, what was the deal? Yesterday in the House I got the impression that the deal was fairly straightforward. Then I watched the minister last night on television (CBC I think it was, but I tend to watch them both) and he gave the most shifty-eyed response I think I have ever seen, when he was asked questions. He looked like a coach at a ping-pong contest. His eyes were just batting back and forth. He said, look, it is about \$158.5 million, more or less, and then the specific question was something along the lines of, will the Saskatchewan taxpayer suffer any loss or will there be any investment? He said, well you know, there's sort of Canadian money and American money. Then he said that one of the companies had not gotten it finalized. So I say to the minister, all right, you have indicated to the committee that you are going to ask the great, unwashed brilliant crew that you have sitting behind you to vote down this motion . . . Well, which one of them washes?

The minister has said that he will ask the NDP members to vote down the motion. So I say to the minister, all right, we could not pursue the matter yesterday. I ask you now, what are the specifics of the deal? Will there be any loss to the Saskatchewan taxpayer? Is the Saskatchewan taxpayer putting forth any money? If you say in response to this motion, we are not prepared to give that information, then I ask the minister, are you prepared to describe the details of the deal? If you will not file the papers will you describe the specifics of the deal? You say \$158.5 million in U.S. dollars. Is the purchase in U.S. dollars? Is the purchase an instantaneous purchase? Will there be any loss or gain for the Saskatchewan taxpayer? What are the specifics of this transaction? Why, I say, would you not answer that simple question when it was posed to you yesterday by Ron Shorvoyce. Why did you look like somebody who was trying to avoid a question? Why did you look like the money-changer who had just come from the temple, when you were asked the question yesterday? Now I say to the minister, if you will not give us the documents, will you tell us the deal?

WELCOME TO SCOUTS

Mr. W.J.G. Allen (Regina Rosemont): — Mr. Chairman, I would like to direct the

attention of the members to the west gallery where we have a fine group of scouts, the 74th Scout Troop from Mable Brown School. You will recall that a week or so ago we had the cub group from Mable Brown here and I am sure all of us would like to give the scouts as warm a welcome as we did the cubs a few weeks ago. I would like to welcome them to the House tonight.

Hon. Members: — Hear, hear!

Item 1 Continued

Mr. Messer: — Mr. Chairman, let me respond to the number of questions that the member for Wascana asked. He asked if there would be any potential loss to the taxpayer of Saskatchewan. The answer is no. He asked if the taxpayer was putting forward any money and the answer is no.

He may want to interpret my performance, if I may refer to it as such, on television last night any way he wishes. I do not know whether he has a faulty television or not, but I said during that interview that we were not, as a government or as a Crown corporation, committed in any way and I think, almost quote, that we certainly were not committed in a monetary way, nor were we committed in a moral way and that the agreement was now between Eldorado Nuclear and Inexco. The members opposite, including the Leader of the Opposition, he may talk about the issue of trust and misleading the House but, Mr. Chairman, I will put my reputation and my honesty up against any one of those members from the Liberal caucus, any one of them, and we will let the people of Saskatchewan decide. We will let them decide when this Bayda report is tabled and when the government has adequate opportunity to relate to the recommendations of that report and come to its final decision and announce to the people of Saskatchewan what its position is in regard to uranium development. We have said consistently that we would not in any jeopardize the Bayda Commission and we have not. We said we would not acquire a greater interest in Key Lake holdings until we have the benefit of the Bayda Commission and the government had an opportunity to come to a final decision in regard to uranium mining and we have not. And I think the people of Saskatchewan know that and I think they respect that and I again ask, Mr. Chairman, that the question be put and that the members defeat this motion.

Motion negatived on the following recorded division.

YEAS - 8

Malone
Wiebe
Nelson (AS-Gr)

Merchant
Cameron
Clifford

Anderson
McMillan

NAYS - 25

Blakeney
Pepper
Thibault
Bowerman
Smishek

Mostoway
Whelan
Kaeding
Kwasnica
McNeill

Cowley
Shillington
Vickar
Nelson (Yktn)
Allen

Messer
Snyder
Byers
MacMurchy

MacAuley
Feschuk
Rolfes

Koskie
Johnson
Thompson

Mr. Collver: — Mr. Chairman, first of all I would like to recognize tonight two anniversaries, if I might be allowed that opportunity. First of all, the member for Souris-Cannington, it's his birthday today, and he is very happy and I'm sure everybody is very happy about that. Secondly, Mr. Chairman, I would like to wish the member for Wascana and the member for Regina South, a very happy first anniversary of their federal election campaign and I sincerely hope that the second year of their federal election campaign goes as well as the first year has, from our point of view.

Now, Mr. Chairman, I have a few questions to ask of the minister pertaining just briefly to the Inexco deal referred to by the member for Regina Wascana so facetiously, that the minister should somehow table these documents. My first question to the minister is this, did the government of Saskatchewan or the government of Canada, through Eldorado Nuclear, check into the shareholdings of Inexco?

Mr. Messer: — I think that I would like the member to be a little bit more specific when he asks, did we check into Inexco.

Mr. Collver: — Specifically this, does the minister responsible for mining and development in Saskatchewan know who the owners of Inexco are?

Mr. Messer: — The answer to that is yes. Certainly the Saskatchewan Mining Development Corporation knows the structuring of the company in Inexco and who the shareholders are and I would assume, and I can't speak for Eldorado Nuclear, but I would be surprised if they did not undertake a similar investigation.

Mr. Collver: — So my question to you is, do you know, and you said, yes, who the shareholders of Inexco are? Would you be so kind as to inform this Assembly who the shareholders of Inexco are?

Mr. Messer: — Well, Mr. Chairman, I said that the Saskatchewan Mining Development Corporation knows who the shareholders are. I don't know whether it would be appropriate to convey to this Assembly, all of them. I don't know - well the members opposite laugh . . . (interjection) . . . Are you finished? A lot of rubbish - most of it coming from the left of you, Mr. Chairman.

I do not know all of the shareholders. I do know that the spokesman and the largest shareholder of that company is a Mr. Wolf, from Houston, Texas. I could perhaps at some other time convey to the member for Nipawin the other shareholders but I don't expect that members opposite would expect me to know all of the shareholders of that particular company.

Mr. Collver: — I can certainly appreciate that, Mr. Chairman, but before one makes an arrangement, would the government of Saskatchewan have checked into the possibility that Romancorp or Denison Mines owned a significant portion of Inexco, prior to the deal being made as between the government of Saskatchewan, but primarily since they were putting up the money by Eldorado Nuclear. Do you think that there is an opportunity - can the minister see what could have happened here if Roman

corp or Denison Mines owned any portion of Inexco?

Mr. Messer: — Well, I, again, don't believe that the government of Saskatchewan undertook that inquiry. I don't know why they would, but certainly Saskatchewan Mining Development Corporation pursued with some diligence, the offer that was made by Denison to Inexco. I have not talked to them currently but I am sure that they would have conveyed to me if there was a change in the structuring of Inexco. And certainly in the recent past there was not any presence of Denison or Roman Corporation or the best of our best knowledge any subsidiaries of that entity, holding shares in Inexco.

Mr. Collver: — Did you, as a part of your arrangements - and since this would not show up in the deal at all, that the Liberals so blatantly wanted to have teeth - did you in any of your arrangements require Inexco or Denison to establish bona fides as it related to the transaction, or the purported transaction, between Denison Mine and Inexco? In other words, did you obtain from Inexco or from Denison any sworn declaration that Denison had no part or form, or shares in Inexco before the government of Saskatchewan lent its name to the exercise of adoption? Yes or no?

Mr. Messer: — Mr. Chairman, I am not going to restrict myself to the yes or no answer. We went through that before supper and the member knows full well that it is easy to phrase a question which may be embarrassing either way you answer, and I said that before.

I must remind the member for Nipawin that this is not an undertaking of review of the Saskatchewan Mining Development Corporation. I am chairman of that corporation, that is true, but I believe I am expected to know all of the actions of the Saskatchewan Mining Development Corporation. The officials that I have here this evening represent the Department of Mineral Resources, not the Saskatchewan Mining Development Corporation.

In response to the question the member asked, I am not able to answer as to whether they did or did not. I could, perhaps, make the inquiry of my officials. No, I have not signed anything in regard to . . . No, I do not. We have signing authority for Saskatchewan Mining Development Corporation and I am the chairman and I authorized the transaction. I have faith in the executive capacity of that Crown corporation to pursue their deliberations in a credible and a businesslike manner and I believe they have done that. I cannot, with precision, answer yes or no as to whether that was done.

Mr. Collver: — My question to the minister is very simple, Mr. Chairman, on this issue and it is to point out to him what could have happened if he had not checked into it. He has stated tonight that he definitely did not personally check into it.

Suppose, Romancorp has a substantial portion of Inexco or Denison Mines, has a substantial portion of Inexco. Suppose they make a very significant offer to purchase the one-third in the Key Lake property by applying the interest of Inexco, knowing that the government of Saskatchewan and Eldorado have options on those shares; knowing that the only possible way that the government of Saskatchewan, who have already stated their position, the Eldorado have stated their position on the matter, that they wanted to extend their holdings, as the minister said today, to extend their holdings in northern Saskatchewan as it related to uranium. They know this. Suppose they have significant shares and suppose they make an offer to Inexco that is

substantially, and I mean substantially when you are talking about \$150 million, substantially higher than fair market value. They, therefore, receive the benefit by owning the shares of Inexco and it is only normal and natural since the government of Saskatchewan was the key to this project they have the option to purchase that agreement and it is only natural and normal, in any transaction of this nature, even on a house purchase, that when one has a right of first refusal, one establishes bona fides or good faith on the part of the offer to purchase . . . I beg your pardon. I don't think it is called arm's length, but the member for Regina Lakeview obviously thought of this, and during the hour long discussion that we had on entire Inexco matter.

The fact is, Mr. Chairman, as this is a very straightforward action on the part of the government of Saskatchewan, on the part of anyone that is attempting to exercise a right of first refusal, to establish that that offer to purchase was legitimate. I admit that the members to my right obviously don't understand what the government has done, because when they suggest that the people of Saskatchewan are somehow responsible. I suggest to them more likely Eldorado Nuclear and the government of Canada are responsible and they are the ones who throw away - and we've read into this Chamber already and I'm not going to go through it again - all of that legacy of spending by the members to my right in Ottawa. But the fact is, Mr. Chairman, that the government of Saskatchewan in being a party to this arrangement should have exercised its right to establish that the offer from Denison Mines to Inexco was in fact in good faith and was in fact the right amount of money. Because if you have lent your name to this, the government of Saskatchewan, and it turns out down the road that either Romancorp or Denison Mines had an interest in Inexco or had an option to purchase Inexco stock, then the government of Saskatchewan has lent its name to a very fraudulent transaction.

Mr. Messer: — Mr. Chairman, I can appreciate the point that I believe the member for Nipawin is trying to get to. It is now Eldorado Nuclear who is undertaking to . . . (interjection) . . . yes, but all they did was agree to meet the terms and conditions that Denison offered to Inexco, Eldorado Nuclear, not us. Now I must admit that I do not know specifically what the officials of SMDC did in regard to investigating the legitimacy of the offer from Denison and what they did in regard to what the member refers to as being natural and normal, in that in such a transaction he would establish the bona fide, the good faith of the offer. I know that in the discussions there was a significant undertaking to make certain that we were confident that the offer was, one, in fact, of good faith. What the procedure was I am not able to articulate but certainly I was satisfied by my officials that they had done all that was considered to be necessary.

I also know that one of the terms and conditions was an independent evaluation of the ore body, the size of the ore body and then some analysis done in regard to what the value of that ore body would be if it was developed. That independent analysis which was commissioned by Denison indicated that the ore body . . . (interjection) . . . pardon me, yes, by Denison; it was one of the terms of the condition to purchase and an independent body was then allowed on to the property by the three joint ventures to drill some test holes and identify whether what was said about the body of oil was in fact correct. That information was correct; in fact, in some instances it surpassed what Inexco had conveyed to Denison so that we know that there was some sincere undertaking by Denison to try to prove up the statements that were made by Inexco. I close in saying also that I know my officials investigated the matter to their satisfaction and the offer was one in good faith.

Mr. Collver: — Mr. Chairman, before I go on to another line of questioning I would

ask the minister to have his officials check into that situation as it relates to the shareholdings of Inexco and find out if there was, in fact, any intercompany relationship between Denison, Romancorp and the holding corporations of that organization and the corporations and organizations and individuals involved with the Inexco shares, just to assure himself and the people of Saskatchewan that in some way the government of Saskatchewan has not lent itself to such a transaction. The minister nods so I accept that.

Mr. Cameron: — Point of order, Mr. Chairman, I want to ask some questions on the same subject matter. I indicated some time ago . . .

Mr. Chairman: — Order, please! I realize you explained your point of order but in watching the time prior to this, I think in all fairness, I have to let the member for Nipawin speak for another 10 minutes yet and then . . .

Mr. Collver: — Thank you very much, Mr. Chairman. I would like to ask the minister, what is the percentage of the potash sales in the United States of America, the total potash sales to the United States, what percentage?

Mr. Merchant: — On a point of order. Has it not been the established practice of the committee, Mr. Chairman, that you will follow one line of questioning and one subject area until its completion and allow a member to complete a line of questioning. If Mr. Chairman is now saying that you will divide the time and allow one line of questioning to go for a particular length of time and let any particular continuum of drivel to proceed for some other period of time, then those are very different rules, Mr. Chairman, from the way this committee has operated in the past. You have traditionally allowed in the past a line of questioning to be completed.

Mr. Chairman: — Order, order! I think, in all fairness and I think you all have, shall we say, abused that privilege. You have started on one topic and before you take your seat you swing on to another. I have allowed this. I have been trying to be fair and I am doing my best to make it equal for all of you. You will all have a chance to pursue a question at the proper time. I am now recognizing the member for Nipawin.

Mr. Collver: — Thank you, Mr. Chairman, and I am sure that the efforts by the members for Regina Wascana and Regina South to try to be elected to the federal House will go about as far as their present Prime Minister's decision to proceed.

What percentage of the total potash sales in Saskatchewan go to the United States of America?

Mr. Messer: — For the year 1977 the exact figure was 73.9 per cent.

Mr. Collver: — Yes, that is approximately 70 per cent. What percentage of the American market is presently being taken up by what you might call eastern seaboard states, in other words states such as Florida, that are on the ocean and on the eastern seaboard?

Mr. Messer: — We don't have any statistics here which allude to it specifically, but we think it would be a very small percentage.

Mr. Collver: — Well, perhaps I can give you the exact percentage which has been

raised already by your officials and presented. If I were to suggest to your officials that they have already in one committee of this Assembly stated that the eastern seaboard states represented 30 per cent of the United States market, would you accept that number?

Mr. Messer: — Well, yes we are looking at page 292 and we think that - and again we do not have the specific figures, but perhaps 15 or 20 per cent of Saskatchewan's total sales are to the eastern seaboard. On page 292 we say 30 per cent of 70 per cent and that is roughly what it works out to.

Mr. Collver: — Okay, so 20 per cent of Saskatchewan's potash sales go to the United States eastern seaboard. New Brunswick naturally would service the eastern seaboard because it is on the Atlantic Ocean. The fact is, in what way, and how can you possibly justify the statement by the Minister responsible for the Potash Corporation of Saskatchewan, that the New Brunswick development - potash development - is not in any way going to affect Saskatchewan potash sales. How can you possibly justify that statement when one-fifth of the production of Saskatchewan goes to those states that are most naturally served by departments in New Brunswick and by an area that has potash and is on the ocean? That doesn't even count potash that is shipped to Europe which would naturally be shipped there cheaper than Saskatchewan potash could possibly be shipped. How can you possibly justify that statement with that made by the minister responsible for Saskatchewan Potash Corporation who stated categorically that the New Brunswick development would have no effect on Saskatchewan potash industry.

Mr. Messer: — Well, I think the minister responsible for the Potash Corporation is quite capable of speaking for himself. I think that I have to remind the member that there are no mines in the province of New Brunswick; there is no real commitment that there ever will be a mine that could provide that level of potash, that would satisfy that demand. Even if there was a mine established, it would be some years before they would be able to deliver. It is quite likely that if - and it is hypothetical - if they do, that we could use that period of time to find alternate markets for our potash and I don't think that that is unreasonable. I think that I also have to convey to the member for Nipawin that it is not simply a case of just supplying that eastern seaboard, those states which are in need of potash, but to look at the mix. The companies that are providing this potash are not exclusively providing it to the eastern seaboard states. They are providing it to a very significantly larger region of the United States. I think that even though they may hypothetically acquire some benefits because of freight costs, by getting potash from the province of New Brunswick, it may be more costly for them to move that potash to the other interior states because we don't have the volume there. The member shakes his head. Certainly they must look towards the suppliers or convey to the suppliers of potash in Saskatchewan, the fact that they purchase very significant volumes and quantities of potash and that they distribute that over a wide section of the United States. I don't know whether that enhances their negotiations but certainly in most instances volume buying does bring about some benefits. If they want to cut off some of that, I think that they may. I am not here to speak for the Potash Corporation of Saskatchewan, be they PCS or the other private companies, but I think that if they were to lose some of those sales that they may take a different attitude in regard to a lesser quantity of potash to the other states. So that it is not without some implications.

I simply close by saying that at this point in time it is clearly hypothetical.

Mr. Collver: — Mr. Chairman, that is not the question. The question that was asked

of the minister responsible for the Potash Corporation of Saskatchewan a considerable time ago and repeated on many occasions in this Assembly was, quite simply, are you not concerned about the New Brunswick potash development? The minister said, no, it is not going to affect Saskatchewan production. It is not going to affect Saskatchewan sales. That is what the minister said to this Assembly and tried to make the people of Saskatchewan believe that somehow a potash mine in New Brunswick - which by the way, Mr. Minister, your information is relatively scanty because it has been announced that they are proceeding with that mine and development has commenced on that mine, development has commenced. So your information is relatively scanty.

The point is that in very short they will be producing potash in New Brunswick. They will be able to off load it directly into ships and they will be able to deliver that to eastern seaboard states to which Saskatchewan presently ships 20 per cent of its production. The minister is getting his information from both ears. I don't think he is quite capable yet of listening in stereo.

The fact, though, that there is a mine in New Brunswick and they are shipping. How can you possibly counter the statement that 20 per cent of the Sask Potash sales are in the eastern seaboard states and yet the minister says it is not going to affect our sales? Is he trying to suggest . . .

Mr. Cowley: — Why didn't you ask me that?

Mr. Collver: — The minister responsible for PCS sits in his chair and says, why don't we ask him that? We know, in Public Accounts, that this information has been made available but we aren't allowed to review things in Public Accounts until this becomes a public document. It became a public document today and, therefore, now we can ask the question. The Minister responsible for the Potash Corporation of Saskatchewan says, baloney. He has been around this Assembly long enough to know that that which is heard in Public Accounts is not allowed to be brought into Crown Corporations or not allowed to be brought into this Assembly until such time as the report of the committee is tabled in this Assembly, and he knows that. He sits there in his chair and asks the question, why didn't we ask it in the four days of Crown Corporations and the fact is we couldn't until this very moment in time. Until we know the areas to question, how are we supposed to question? The minister laughs and he knows that is true.

I just asked the minister responsible for Saskatchewan Mining and Development, how he can possibly say that the statement by the Minister of the Potash Corporation of Saskatchewan could possibly be correct?

Mr. Messer: — Well, Mr. Chairman, I think I related in my answer to the percentage, that the figures were perhaps somewhat high and because of that the member may be overemphasizing the effect that it may have on the Saskatchewan production. Well, I know but you can't expect my officials, during committees, to be exact in all figures that are given to them. I am looking at page 292 and the question is asked and the representative of the government who was there, said roughly 30 per cent would be to those. That is Mr. Lane asking Mr. Mocur and he said, yes, and I think that we have to look at the roughly 30 per cent. Well, use your own figures 25 to 30 per cent, 20 to 30 per cent . . . Well, we could be. I don't know, it could be 20 to 30 per cent when you say roughly 30 per cent, but I won't argue with you. I think the 15 to 20 per cent is still relatively high in regard to the total sales in the United States and I think that I might, if I was answering it, say that it may be closer to 10 per cent. But nevertheless, rather than argue over the figures, I have confidence in my colleague, the minister responsible for

the Potash Corporation of Saskatchewan and if he is saying that it is not going to have any adverse effect on their ability to move potash into the United States, particularly into the eastern seaboard states, then I believe that he has that in hand and knows what the situation is and will be able to contend with it without it having any adverse effect upon the potash sales in Saskatchewan.

Mr. Collver: — Well in other words, Mr. Chairman . . .

Mr. Chairman: — I'll take the member for Regina South.

Mr. Cameron: — To take the minister back to uranium, let me ask you a couple of quick questions with respect to the Inexco deal. You can either, as you know, buy shares in a company in which event you buy an interest in the company or alternatively, you buy an interest in the property owned by the company.

Now, with respect to the Inexco purchase, was that a purchase of shares or was it a purchase of interest in the property?

Mr. Merchant: — Weren't you in on that?

Mr. Messer: — Well, O.K., the member for Wascana says, was I not in on the negotiations and the answer to that is no. I have, I think, as I said earlier, some capable executives in the Saskatchewan Mining Development Corporation who undertake to do that and my recollection is that the purchase was a property asset purchase rather than the share purchase. I think that that clearly gave advantages to Denison that a share purchase would not have given.

Mr. Cameron: — I would have no doubt whatever that that in fact was the arrangement. Why then would you want to inquire into the shareholding of Inexco for goodness sakes? You are only interested to know whether or not they own the property, and it was your department that granted them the right to the property in the first place. Why do you want to go afield and look into the shareholding of Inexco if you are not buying an interest in that company?

Mr. Messer: — I, in response to the member for Nipawin said that the Saskatchewan Mining Development Corporation did everything that they felt was required and are reasonable in investigating the offer by Denison. Now, I said at that time that I didn't know specifically what undertaking they may have pursued but they certainly conveyed to me that they were satisfied in regard to the offer and whatever that may have entailed is something that I am not able to talk about specifically.

Mr. Cameron: — The reason that I was asking, I was bewildered when the member for Nipawin was suggesting that for some reason or another you ought to have looked into the shareholding of Inexco if you decided to deal with them and if you are purchasing a piece of property from a company, of course there is no need whatever to go into the structure. But I was bewildered by your indication that you would somehow look into that because it occurred to us very quickly that he was proceeding on a mispresumption that Inexco wasn't selling its shares, it was selling an interest in the property in the province of Saskatchewan, so you have no need to look into the shareholding and structure of the company, that is irrelevant.

In June, 1976, SMDC undertook with its partners, Uranerz and Inexco, to undertake a series of studies in the Key Lake area. One was to study or look into the construction of a

permanent road into the Key Lake area. Now, can you tell me what has happened in the last two years with respect to that study? (a) Was it complete; (b) what did it find with respect to road construction; and (c) what is the current position?

Mr. Messer: — Well, Mr. Chairman, there were other agencies involved in the study, the Department of the Environment, and the Department of Northern Saskatchewan. I believe for all intents and purposes, the study is now completed. There were a number of options - (b) what did it find? There were a number of alternate routes considered. I believe - I don't know the exact number. The current status is that the departments involved and the interests, the private interests, are considering the alternate routes and the costing of those routes and have not yet come to a final conclusion as to which route should be pursued, if any. I think that some of that will not come to a final decision until we have the benefit of the Bayda report and the government has made its decision pertaining to uranium mining.

Mr. Cameron: — Well, I have a lot of questions. The first is, are you prepared to give us the study with respect to the construction of the permanent road and the routes?

Mr. Messer: — No, I am not prepared to give that report until we have concluded our deliberations in regard to that. The study, because it has not yet been finalized in relation to what choices are being made, is still ongoing and I think it would be improper to make that available at this point in time. It is an internal matter that is still under review by agencies of government.

Mr. Cameron: — When was the study with respect to the road completed?

Mr. Messer: — Well, I'm using the word 'study' in the broadest context. I think that we have some material as to what costs may be assessed against various routes that may be considered but we are not prepared to make a choice of those routes yet. The study is still ongoing. Once we have completed that study then I think that's a different matter and a request could be made of government to table that report. The study was not commissioned by the Department of Mineral Resources, therefore, I am not in a position at this time, or any time, to table the study in its entirety.

Mr. Cameron: — Let me take issue with your last statement. As I understand it, under the Crown Equity Participation program that you are familiar with, SMDC was appointed the agent of the government and it was the Minister of Mineral Resources who appointed SMDC the agent of the government; they answered to the Minister of Mineral Resources under that program. Now is it not a fact that SMDC with respect to these joint ventures is acting as the agent of the government of Saskatchewan and you are the minister responsible?

Mr. Messer: — That is correct. We only speak for some of the activity that is taking place in northern Saskatchewan if you are relating specifically to Key Lake. We have a one-third interest in that. There are other shareholders who have a view in regard to the cost of road and the route that may be decided on for that road. We may speak for the government as far as our one-third interest is concerned. The joint venture partners agreed that the Department of Northern Saskatchewan should have some input into that as they felt it was reasonable that the road should undertake to provide as much service as possible to other northern communities and provide other northern services and if possible, enhance other development of minerals in northern Saskatchewan. They were willing then to have an agency of government, which is not the Mineral

Resources Department but that of northern Saskatchewan, look at alternatives and what the costs of those alternatives would be in order to provide some of those services. So we just speak for our one-third interest in the Key Lake holdings.

Mr. Cameron: — Yes. With respect, you are misconceiving my point. My point is this. SMDC is the agent of the government of Saskatchewan; you are the minister responsible for the department that is involved; you are the minister who appointed SMDC the agent of the government - the Minister of Mineral Resources did that, it's your department that is involved. I raise that point only to indicate to you that you in fact have some responsibility as the Minister of Mineral Resources to provide the information we seek. You can't hide behind SMDC saying that it is a Crown corporation, an independent agency and it answers to the Crown Corporations Committee, as you as minister only answer to the House. As I say, SMDC specifically is the agent. That is to say, the government of Saskatchewan is the principal, SMDC is the agent. Now your deputy will tell you what is involved in a principal-agency relationship. All their information is your information and as the minister you have an obligation to give it to us. That is the only reason I raise that.

Mr. Messer: — If the member wants to be technical about it, I'm not here answering for SMDC now, I'm answering for the Department of Mineral Resources. I reminded the member earlier that we had Crown Corporations with SMDC. If the member wants specifics in regard to the activities of SMDC, then the place to do that is during Crown Corporations. With all due respect that time has passed now because your colleagues, along with the government representatives agreed that they had adequately reviewed the annual report of the Saskatchewan Mining Development Corporation.

I don't want the member to misinterpret me but, I think, it is somewhat difficult for the minister to be able to be responsible for answering all inquiries that may be made during committee on SMDC when his officials are here representing the Department of Mineral Resources, not the Saskatchewan Mining Development Corporation. Having said that, Mr. Chairman, I don't want the member to interpret that I am negative in regard to providing the information he requests or that I do not have it as Minister of SMDC. I have access to that and I have knowledge of it. What I said earlier still stands and that is, that it is an ongoing matter internally between government and SMDC and the other joint venture partners. I think until we are able to conclude that ongoing consideration it would be improper for me to undertake to table the documents that have been compiled to this point in time.

Mr. Cameron: — Well look, SMDC has several functions. Now you may say to me that I am not entitled to inquire into the functioning of SMDC with respect to its activities generally, and I would agree with you this isn't the forum for that. But insofar as joint venture arrangements with respect to uranium are concerned, you appointed SMDC as your agent to act on behalf of the government of Saskatchewan to acquire its interest and it is your agent, therefore, you are responsible to answer here as the Minister of Mineral Resources for those arrangements. That is a small area of SMDC's activities and you have to answer here for those activities because it is your agent. It was in January, 1977 that you appointed it as your agent as the Minister of Mineral Resources.

Let me go back to this road business. Is there any road construction now going on that is in any way related to the Key Lake area and the deposits there?

Mr. Messer: — Well, the Department of Mineral Resources is not responsible for road

construction in northern Saskatchewan. I think that is the responsibility of the Department of Highways and Northern Saskatchewan. Speaking for Mineral Resources, I guess, also speaking for the Saskatchewan Mining Development Corporation, I am not aware of any specific road activity in Saskatchewan which is being constructed exclusively for the Key Lake operations.

Mr. Cameron: — I think you put your finger on it when you say ‘exclusively’. My information is, and I will leave you to stand me corrected because I don’t know with certainty but I am told, that there is road construction currently going on, road construction into Key Lake and that it is part of the permanent road system that was contemplated two years ago when you set about to do your studies. I am told, secondly, and I don’t know whether this is true because I haven’t been able to get the information but you tell me whether this is true, I am told the people who are constructing the road have been given explicit instructions not to say anything with respect to it. One cannot get information with respect to the road construction from the people who are there doing it because they are under order to keep it under wraps.

Mr. Messer: — Again, I remind the member that I don’t direct road building in northern Saskatchewan. I’m not trying to pass the buck but it is the responsibility of either the Department of Northern Saskatchewan or the Department of Highways. I do know that it is a stated government policy to undertake to extend the road system in northern Saskatchewan in order to give access to northern communities and to enhance the mineral exploration and development of northern Saskatchewan. We think that one of the significant keys to that developmental activity is to have a road network and a road system servicing the North. I suspect that that is the objective of the activity that is now carried on. I don’t think that the member really expects me to be able to answer some hearsay that he has in regard to, ‘we’re not able to answer any questions because this is hearsay’. Clearly, if people are saying that, it is not the representatives of the Department of Mineral Resources. They have no involvement in that regard.

Mr. Cameron: — Don’t you understand the significance of the question I asked? The significance is this, the question is whether or not that Key Lake area is to be developed. All right, that question is in turn to be determined only after Bayda reports. The significance of permanent road construction is that area is obviously that if it is going on it’s prejudging Bayda. Now, you are the minister responsible for the joint venture arrangements with respect to uranium. You are the Minister of Mineral Resources and you have the overall responsibility with respect to Bayda and with respect to the question whether or not uranium development will proceed. The significance of the point is, and I am told on good authority that it isn’t mere hearsay, the significance is, if in fact there is permanent road construction into Key Lake, that is another clear indication that development is assumed and there are vast amounts of money being spent in that connection. That’s the significance of it and I say that you have some responsibility to inquire into that area and let us know whether or not that’s a fact. Secondly, I am interested to know whether or not the people who are doing the construction have, in fact, instructions not to indicate where the road is going or what they are doing and not to answer any questions in respect to them.

Mr. Messer: — Again, Mr. Chairman, with all due respect, I do not know whether what the member alludes to is factual. There is a lot of hearsay in regard to what is or is not going on in northern Saskatchewan. I think that if the member wants to pursue that he should pursue it with the minister or a department that is responsible for the activities in northern Saskatchewan. I again say, I am not suggesting that I want to pass the buck

in any sense, but it is not a responsibility of myself, as Minister of Mineral Resources or the Department of Mineral Resources. If there is road activity in northern Saskatchewan my only answer to the member for Regina South is that it is a continuation of the government policy in regard to extending the road network in northern Saskatchewan in order to enhance the exploration and development of mineral potential in the North.

Mr. Cameron: — Mr. Chairman, I must say I am again left bewildered by your response because, look at the situation. You are responsible for Bayda's Inquiry. It is under your ministry, as I have said before, and the question arises whether or not we will have uranium development in the province; that's your responsibility. All these things that are going on up there with respect to the exploration for uranium come under your jurisdiction. Now, if, in fact, there is a road being constructed, a permanent road to Key Lake, it is clearly being done in anticipation of a mine being developed there. I would think that you would have a good deal of interest and concern as to whether or not that's so because that is clearly, clearly being done on the assumption that uranium development will be permitted with respect to Key Lake. There is no other conclusion one could come to. I don't have the hard facts so I can't make the specific charge. But I am asking you the question because it has been posed to me and may I say by some very responsible people who have been attempting to get some answers in this area and can't, and nor can I.

Now, I want to ask you about an additional area and that is, as you know, some of the Key Lake deposits under the water. I think there is the Sea Horse Lake and the Karl Ernst Lake in the area. I am also told that there is some lake drainage going on again in anticipation of developing the mine. Now, what I would like to ask you specifically is whether or not that's a fact? Whether or not there is lake drainage going on in that area which relates to the development of the Key Lake deposits?

Mr. Messer: — He certainly hasn't been doing his homework or he has been off in Alice in Wonderland in the last several months, because he should know full well, as I believe every other member of this Assembly knows, that the Minister of the Environment is responsible for the Bayda Inquiry, not the Minister of Mineral Resources. And if he was just a little bit knowledgeable, just a little bit knowledgeable of what the Minister of Mineral Resources is responsible for, he wouldn't be so bewildered. I would suggest that he would do a little bit of homework before he wastes the time of this Legislative Assembly during estimates.

Most of the questions he asks, and I have been tolerant in regard to those questions, specifically refer to SMDC and he should have taken the time to get out of bed early enough this morning when the Crown Corporations Committee met in order to pursue those questions.

Mr. Cameron: — I am not entitled to be there.

Mr. Messer: — Mr. Chairman, that is hogwash. He knows that his members can appoint him as an alternate member any time they want to and it has been done all year long. And he shows even further his bewilderment in regard to the policy that is followed for the membership of Crown Corporations and if he wasn't out knocking on doors all the time he might know what goes on in this Legislative Assembly.

Now, Mr. Chairman, I again say for the benefit of the bewildered member for Regina South that Bayda says that business as usual while the committee investigates the

uranium mining question in Saskatchewan. Business as usual, no moratorium. So that the activities that are going on there should not be construed to be the improper, because the inquiry is in process.

To answer, specifically, the questions that the member asks in regard to drainage, yes, there is drainage activity being carried out. Two small lakes have been drained at Key Lake and that is not any secret, but that is not done for mining, it is done for exploratory purposes and to delineate the ore body. So that undertaking is to further prove up in stage IV the ore body and its potential for mining.

Mr. Cameron: — My question. Who drained? When was it drained and how much did it cost?

Mr. Messer: — Well, Mr. Chairman, with all due respect the question of who drained and when and how much did it cost, is not really a responsibility of the Department of Mineral Resources. That is a responsibility of the Saskatchewan Mining Development Corporations and the question could have been more appropriately asked, and I say, Mr. Chairman, answered there. I do not have my officials here and I make no apologies to this committee for not knowing when and how much it cost to drain those two small lakes at Key Lake. Some member over there says, you should. Well nobody believes that a minister should have all of those figures at his fingertips. To assume that would assume that I know how many tests were made in regard to drilling and the cost of each drilling well and all the rest of it. That is just not credible. I am certain that my officials, that is precise information. I will be willing, Mr. Chairman, be willing . . . Mr. Chairman, do I have the floor or do I not? The member for Wascana never shuts up. He always talks in his chair and when he stands up he makes no sense anyway, it is common knowledge and perhaps I should tolerate his chatter in the chair because it sometimes makes more sense than when he is standing up.

Look at the line of questioning when the misinformed, misrepresented member for Regina South . . . I will, Mr. Chairman, undertake the three inquiries that the member for Regina South conveys to me and see if I can get the information from my officials in the Saskatchewan Mining Development Corporation. But I cannot do that at this particular point in time.

Mr. Cameron: — Well, I will take one last run at trying to explain to the minister why he is responsible in this area.

1. Under the Department of Mineral Resources you are responsible for the mining activity in northern Saskatchewan. Don't you yet understand that? You have been the minister long enough to know it. You grab the permits, you grab the licences, you grab the exploration permits. Every bit of activity relating to mining in northern Saskatchewan, in those respects, falls under your jurisdiction. You know very well, you can't begin to sink a shaft, you can't begin to do any tests of any variety unless you have permission from your department either by way of some exploration permit or else under some staking, or else under some lease. Your department is responsible. That is the most elementary function of your department. If you don't yet understand the elementary functions I don't know when you are going to graduate to begin to understand some of the secondary ones.

The other point is this, under the Crown Equity Participation Program, which I assume you know something of, SMDC is the agent of the Crown. Do you know what that means? It means the government of Saskatchewan has to be given 50 per cent of every

joint venture development in the North and to the given date. The agent the government chose to do that, is SMDC. SMDC was appointed by the Minister of Mineral Resources. The activity of SMDC in that respect is your jurisdiction. What they are doing in that regard, they should be answering to you. And if they aren't you certainly have the responsible to answer to us. They are your agent; they are the agent of the Government of Saskatchewan with respect to joint venture deals in uranium.

What has that got to do with all of this the member asks. He hasn't graduated beyond the elementary level either it seems. It's your program, called the Crown Equity Participation Program in which the government of Saskatchewan and the people of the province are entitled to a one-half interest. How do you do that? How do you get your one-half interest?

First of all, the Minister of Mineral Resources designates SMDC to get it. He is the minister who made the designation; he appointed the agent. Now, in so far as SMDC is pursuing that particular aspect, that particular program is answering to you and you in turn ought to answer here.

I will come back and ask the minister seriously, if he will give me information on two fronts. One is whether or not, as I said, there is road construction going on in the Key Lake area or which will lead eventually to Key Lake, is it permanent road construction, who is doing it, and have they been given instructions to keep mum in respect to it?

Then I would like to know with respect to that draining, when the draining took place, who did the draining, and what was the cost of it? I suggest to you that all of those questions are germane because again, if the facts come out in a certain way it is clearly adding pressure again to go forward with development, irrespective of what Bayda says.

Mr. Messer: — Well, Mr. Chairman, firstly let me, for the benefit of the bewildered member for Regina South, convey to him that the Key Lake operations are not part of the Crown Equity Participating Program. Let me say in regard to his more specific questions pertaining to the draining and the cost related thereto, that it is improper for him to expect the Department of Mineral Resources or the Minister of Mineral Resources to have that information. There is nothing, Mr. Chairman, that compels those developers in northern Saskatchewan to convey to the Department of Mineral Resources the cost of drilling or the cost of draining. We don't have that information and there is nothing that compels them to convey that to us.

I told the member earlier that had he been in Crown Corporations, I would have considered the question and quite likely have answered it. I told him that I would take the question under advisement and see if SMDC officials could convey to him that information, or through me, convey that information to him. But this is not the proper committee to undertake to seek out that specific information because we don't have it for northern Saskatchewan as we would not be expected to have it for southern Saskatchewan as it related to gas wells or oil wells that are drilled. The companies don't convey to us that activity, all of that activity on each and every well, the cost related to each and every well that may be drilled in southern Saskatchewan in seeking oil or gas. The members knows that is nonsense. We don't have it and if it's nonsense in the South, it is nonsense in the North.

The member continues to try to say that all of the activity in northern Saskatchewan is the responsibility exclusively of the Minister of Mineral Resources and that is not

correct. My colleague, the Minister of the Environment, is involved in issuing certain licences and authorizing certain activities in northern Saskatchewan - those that pertain to roads, certainly the Department of Environment is involved in a very major way; those that pertain to the draining of lakes involve Environment and authorization has to come from Environment.

I am not trying to shirk the responsibilities of the Minister of Mineral Resources or the Department of Mineral Resources but it is improper for that member to expect that this department is the end-all and knows everything that goes on in northern Saskatchewan. We carry out, Mr. Chairman, in a most efficient manner, the jurisdiction that we are responsible for and if the member wants to take the time of this committee to question legitimately our undertakings and our deliberations in regard to those jurisdictional responsibilities, then we will answer them. But if he wants to wander around in other areas, he should not expect to be able to get the answers here.

Mr. Merchant: — Mr. Chairman, you will note that you had me down to speak and I wonder now if we might move to a different area and that is the area of oil. I say to the minister that the decision to move to Bill 47 from Bill 42 was a part of the piece of putting this minister in charge of Mineral Resources to patch up the mess that had been made by the government in choking off resource development in the province. It was part of the piece in uranium; it was part of the piece in coal and it was part of the piece in oil. I suggest to the minister that the whole thrust of Bill 47 is a thrust which is designed to make it possible for the industry to struggle back off its knees in the hope that some kind of development may be possible in the province even though the development was stunted and almost destroyed by Bill 42 in 1973-74.

I ask the minister though, when can we anticipate that there will be some rates brought down? When will the regulations be brought down? The Premier, in question period, when he thought that he would have a cake walk with Bill 47 indicated that they hoped that the regulations would be brought down before the end of the year. He said that he hoped that regulations would be brought down before the bill was passed. At that time the Premier thought that bill would be passed in the fall session before the end of the year. To his shock he found that things weren't going to be that easy, that there was more to Bill 47 than met the eye and that there would have to be some further consideration. It received an additional couple of months and even then the regulations weren't brought down. Now we are almost six months after the time when those regulations should have been brought down.

The effect on the industry has been that the industry doesn't know where it stands. Oh, they will move in certain preliminary ways but still drilling in the province isn't up, drilling rigs are not in the province; we are not enjoying the kind of expansion that is going in Alberta, in the North West Territories and in British Columbia.

Mr. Minister, when may we anticipate the regulations? What has been the change that caused you to think that the regulations could have been brought down five or six months ago but now the regulations can't be brought down and haven't been brought down? What change has taken place; where has been the breakdown with the industry? What is the problem that the regulations that were promised almost half a year ago have not yet been filed?

Mr. Messer: — Well, some of the member's comments are not worth responding to. We have heard his rhetoric before in regard to Bill 42, Bill 47 and why I am here.

I question though, the whole basis of the remarks of the member for Wascana, in that the industry doesn't know where they are going and that they are complaining. I have no knowledge of industry complaint. I certainly haven't had any conveyed to me in the meetings that we have held with industry. I have no letters from the industry complaining about the present status in the province of Saskatchewan. I have seen nothing in the press or for that matter in the industry periodicals about Saskatchewan's present status in regard to regulations for Bill 47. I don't see them complaining; I don't think that they are incapable of conveying to myself or my officials or to the press or the public at large their frustration that they have with the present status in Saskatchewan. I can only conclude that because there is none, they have nothing to complain about and that the only complaints come from the member for Wascana or some of his other colleagues in the Liberal caucus.

Mr. Chairman, he tries to indicate that there has been a change, that there has been a breakdown with the industry and, therefore there is a delay. Mr. Chairman, it is the exact opposite of that. It is because of the ongoing discussions and consultation with the industry that we find ourselves confronted with an extended timeframe pertaining to the introduction of the regulations. We have submitted to the industry all of the regulations for their further consideration. It is expected that the industry, in general, would have responded to those by the end of this month. We would hope that we would then be able to consider the proposals of the industry, and where we felt appropriate, incorporate those proposals into the regulations for announcement at some later date. We would hope that we would be able to finish that process sometime during the month of June so that we could announce the regulations shortly thereafter.

I again close by making the point, Mr. Chairman, that the industry is now in the process of responding to the last set or draft of proposals in regard to regulations. They have not in any specific way complained to us; rather they have expressed the worthiness of the endeavour of talking to them before we introduced those regulations and we anxiously await their response which we hope will come prior to the end of this month.

Mr. R.A. Larter: — Mr. Chairman, to the minister. I wasn't going to comment on this but the member to my right has brought up a point and you insist that the industry is satisfied. I can assure you loud and clear that the oil industry is not satisfied with the climate in Saskatchewan, even though you announced a \$12.8 million land sale. They are going to sit on that land. You might get some token drilling but I can assure you the oil industry in Alberta and the companies that could be working in Saskatchewan are not satisfied with the Saskatchewan government policy and they won't be until you take another longer look at it. If you think that they are satisfied you are in a dream world.

Mr. Messer: — Mr. Chairman, I just have to have a brief comment to the remarks of the member for Estevan. Certainly the organizations of industry do not . . .

Mr. Chairman: — Order, please. It has been brought to my attention that there is not just support staff of the minister in here; there is support staff of another minister of the Crown. I guess according to the regulations which we have been operating under, the only ones allowed in here are those who are supporting the member who is being questioned.

Mr. Bowerman: — Mr. Chairman, on a point of order. I don't take objection to your ruling. I appreciate you giving us your ruling and the basis for such. I am not

challenging your ruling, but I would just like to . . .

Mr. Chairman: — Well, the reason, as I have given it, is that it has not been the practice in the past and I do not think that it should be the practice in the future. If the minister cares to speak with his executive member outside, it is quite in order. I think it should be just the supporting staff of the minister who is being questioned. That has been the custom in the House.

Mr. Messer: — Mr. Chairman, I appreciate your ruling in regard to the long-standing policy of the legislature. I would like to just comment that it is difficult for a minister to undertake to rely on support staff in my instance that is directly responsible for the Department of Mineral Resources, when we have a member who continues to pursue with very specific questions the activities of the Saskatchewan Mining Development Corporation. When I tell him that I do not have that information available and that this is not the proper place for it and he continues to persist, either we simply waste the time of the House or we undertake to try to accommodate him. I am not arguing with you.

Mr. Chairman: — It was not the member, Mr. Lloyd, that was asked to leave, it was the member for northern Saskatchewan.

Mr. Messer: — I don't want to prolong the discussion, Mr. Chairman, but I guess one might question what the support staff is, whether it is appropriate . . . (interjection) . . . I realize that, I realize the reasoning for it but I would assume that the support staff could be interpreted to mean those staff who are directly employed by or responsible for the Department of Mineral Resources. If it is not then I think we've got some problems in identifying support staff.

Mr. Malone: — On a point of order . . . or not but if he wants to have Mr. Lloyd or Mr. Francis or anybody else remotely connected with Mineral Resources, SMDC, please feel free to bring them in. We can take exception, there are other ministers bringing in their support staff. It is your estimates. If the Minister of DNS can have a meeting with his deputy minister, I don't see why I can have my executive assistant come in and sit with me. We'll have a little chat. I don't think we are being unreasonable on it.

Mr. Chairman: — Order! I think that I have made my ruling and I think you understand what I have been trying to do, to operate in the manner in which we have been in the past. I ask that we try to adhere to this and continue.

Mr. Messer: — I don't want you to misunderstand my remarks; I'm not arguing with your ruling. If I may then return to my comments to the member for Estevan where he expresses general dissatisfaction, at least the oil industry in his mind is generally dissatisfied with the government of Saskatchewan, I beg to differ with him. I think the level of activity in Saskatchewan speaks for itself in regard to all activities in relation to the oil industry. I also say, Mr. Chairman, that the organizations that represent those oil industries, IPAC, the Independent Oil Association, the CPA (Canadian Petroleum Association), speaking for that industry in Saskatchewan, have not expressed a dissatisfaction. In fact, Mr. Chairman, they've expressed the contrary to that. The members only have to look at the periodicals. Look at some of the newspaper reports. Look at the coverage that was given when they held their annual meeting here in Regina some months ago. Clearly, their statements are contrary to the member for Estevan and that's just a fact. It is documented. Also, Mr. Chairman, I have had discussions with the industry. My officials have had discussions with the industry and I think it is correct to

say that, generally speaking, they are pleased with the endeavours of the government and the department in working out the regulations and the other problems that the industry and the government are confronted with, with regard to oil at this point in time.

Mr. Malone: — What the minister doesn't realize is that the industry doesn't care about Saskatchewan. There are some people who have investments here and are caught by the provisions of Bill 42 and Bill 47 and obviously they are going to be as nice to you as they possibly can. But those people who have money to invest in the oil industry, in Alberta or other parts of the world, don't care about Saskatchewan. They know they are not going to get any fair deal in this province so they are looking elsewhere. So they are not complaining about Bill 47 and about your government's attitude because they've just written you off.

Now, let me get back to the critical question of Bill 47 and the tax rates under that bill. Can you give us some indication tonight when you expect those tax rates to be in a position where you can submit them to the industry or send them to the industry or do whatever you are going to do with the industry. Is it going to be this month or is it going to be in the fall? What's your timetable on it?

Mr. Messer: — Well, Mr. Chairman, I again in answering the question, have to relate to the discussions that are carried on with the industry. We have not put a deadline on the introduction of the regulations. We would like to have them as soon as possible. I think if I were to undertake to estimate when that may come to conclusion, and I hope it comes to a conclusion that is mutually agreeable to not only the government but the industry, I think that it is realistic to assume that those announcements could come this summer. I gave to the members the timeframe that I hope we would be able to pursue in being able to do that, the industry responding by the end of May, the department undertaking to consider and incorporate where it felt it was correct to do so (there are proposals and recommendations in the regulations), and announce them sometime after the month of June. But I cannot be specific nor do I think that it would be proper to be specific saying that we will do it by July 1. I am hoping that it will be on or about that time.

I must also say that the member is, I think, in error when he says that the industry doesn't care about Saskatchewan. If they didn't care about Saskatchewan I don't think that they would be here talking to us as they are now about the regulations and the other activity, potential activity, in development for the province of Saskatchewan. They are here regularly and they are optimistic about what is happening in Saskatchewan now and what will happen. I have already used as an example the last oil sale and it was a record by all companies. I don't know how the members can sit there and say that the industry doesn't care when they undertake to bid that kind of money for a presence in Saskatchewan.

We know that we have bidders in the last sale, some successful, some not successful, who have not been in Saskatchewan for a good many years, so that they are indicating a new interest and a new desire to be here in the province. I think that that can only be interpreted one way and that is that the industry is interested in Saskatchewan and is willing to abide by the policies that control the development of oil in this province.

Mr. Malone: — I don't know if you deliberately didn't answer my question or whether it was an oversight. I asked you about the tax rates, not the regulations that have been prepared and already submitted to the industry. I am asking you when the tax rates are going to - give me a ballpark figure, this summer, this fall, whenever, when you expect

to be in a position to set them and discuss them with the industry?

Mr. Messer: — Mr. Chairman, I interpret the regulations to, in fact, be the tax rates. So that when I talk about regulations I am talking about tax rates.

Mr. Malone: — I stand corrected, Mr. Minister. Let me put this proposition to you. When we debated Bill 47, I and mainly the member for Regina South suggested to you that this is a bill that should be put before the courts for judicial determination as to whether or not it was constitutional. Most of your members, including the Premier, including the Attorney General, took exception to that procedure, not on the basis that it wouldn't be useful to find out whether it was constitutional or not, but it would take too long; that the delay would be such that we would lose millions and millions of dollars in the province from the oil industry, because there would be uncertainty; because the industry wouldn't know where they were at. They would refuse to pay their taxes.

I suggest to you, Mr. Minister, that we could have gone to the Court of Appeal, the Supreme Court and probably the Privy Council if there had been one and had a determination a month ago.

You get up in your place and say, well, we hope to have the rates set some time this summer. I say to you, Mr. Minister, that it was about last summer that your government realized that Bill 42 was in big trouble. The Attorney General realized after the Supreme Court hearing that it was unlikely that the government would be successful in the Supreme Court of Canada. You knew last fall, I believe it was in November, that the Supreme Court had struck down Bill 42. Now we are in the middle of May and you still haven't come to grips with the problem of setting the tax rates. I will tell you why.

What you are worried about, and it came out the other day in question period, is that you want to, in Bill 47, recapture every penny that you got in Bill 42. But you also want a little more. You want the interest that would accrue on the amount of the taxes that were paid under Bill 42 should one of those companies now take you to court. That is your problem. You can't figure out a structure, not only to get the amount of money that you collected, but another pound of flesh, 10 per cent more. Am I not right, Mr. Minister, in suggesting that that is the problem that you are having difficulty with; that is why you have reopened the case before the Supreme Court of Canada and until the Supreme Court makes a further determination on how much interest will be paid, you can't set the rates?

Mr. Messer: — Well, Mr. Chairman, let me say, first, the interest matter is, yes, before the Supreme Court and I would be somewhat negligent in not saying that the interest question is a problem, but we believe that we have that problem in hand and we believe that the scenario that I conveyed to the members earlier in regard to the industry consultation and our consideration of that, will still allow us to make that decision some time this summer, even though the Supreme Court has not come to a final decision in regard to the interest question.

I take some exception to the remarks of the member in regard to Bill 47 and his proposal that it go before the courts for a judicial decision, and that would have been the most appropriate way and that, in fact, we would have saved time. We have been some time putting the regulations together, I do not deny that. The bill was introduced in this House, I believe, in the month of December. We have January, February, March, April and May. We have five months, not six months, not yet six months. We may have the

regulations within a period of seven or eight months, a significant period of time, I guess, depending on your point of view.

I say that during that period of time there has been accelerated industry activity in interest in Saskatchewan and there are statistics to prove that. I don't want to get into the war of arguing statistics one against the other, depending on your bases and your interpretation of them. But certainly there has been an improvement there.

I think had this matter gone to the courts that that level of activity would not have come about, because there would have, I think, then been a decision of the industry to simply wait until the courts decided and that they would not have undertaken to consult with the government and it would have been improper for the government to, I think, carry on consultation about other alternatives until the court had really decided. I don't think that the industry would be anxious to, so that we would have been stalemated. I think it is also improper to assume that the courts would have brought about a decision quicker than we are able to introduce the regulations. It is five months now.

I must remind the member that the courts took something like two years, if not in excess of two years, in deciding on Bill 42 and there is absolutely no guarantee, no guarantee whatsoever that the courts would not have taken as long or longer to decide on Bill 47. Now, I don't want to be argumentative with the member but we chose a course. We said that we felt that we had some problems in time constraints in regard to choosing the court route. I still believe that to be the case and I am still optimistic that we can have the regulations in place in a much shorter period of time than would have been the case if we would have relied on a judicial decision.

Mr. Malone: — Let me just say to the minister, I am not going to get into the Bill 47 debate again. We have all heard it; we could get up and talk about it forever and we are never going to convince each other. If you want to absolutely guarantee a court challenge of Bill 47, you go ahead and you tack on an interest charge, whether it is 5 per cent or 10 per cent, or whatever. You have already gotten millions and millions from the industry, many of them operating at a loss to pay the taxes. If you now tack on an interest charge, it is going to guarantee a court challenge just as sure as we are all sitting here.

Let me say this, Mr. Minister, there is now no law in Saskatchewan, as I understand it, saying to the oil industry that you must pay taxes; Bill 42 has been struck down as unconstitutional; under Bill 47 you have no tax structure. Are you collecting taxes from the industry in Saskatchewan? Let me rephrase that. Are all of the oil producers in Saskatchewan - I stress 'all' - all of the oil producers in Saskatchewan paying taxes to the government on the basis of the old Bill 42?

Mr. Messer: — Well, it is a bit misleading for the member to assume that there is no legislation in place . . . Yes, there is. About 70 per cent of the oil produced in Saskatchewan is Crown oil. There is a Crown royalty collected under The Mineral Resources Act and that is substantively a lot of the tax, so that taxes to a significant degree or royalties, whatever you want to call them, are being paid to the province of Saskatchewan.

Mr. Malone: — Let me pursue this with you. I concede that I was wrong when I said that all of Bill 42 was struck down. Now under those provisions, the government was collecting substantial amounts of money from the industry. Now part

of that bill has been declared unconstitutional. Bill 47 is in place but we don't have the taxing structure to replace that part of Bill 42 that was struck down. Are you collecting any taxes at all? Again, let me rephrase it. Are all the companies in Saskatchewan paying taxes to you similar to the taxes that they had to pay under that part of Bill 42 that was unconstitutional?

Mr. Messer: — Well, the intent of Bill 47, and I think the member is fully aware of it, was to approximate the revenues that were collected under Bill 42. The companies are aware of that and some companies continue to pay what they think is the approximate revenue that we want to attain with Bill 47. I think his question was, do all companies? The answer to that is no, not all companies do pay.

Mr. Malone: — All right, what is the percentage of companies that are not paying? Can you put it into dollar terms for us, in ballpark figures, as to how much money you have lost since those provisions of Bill 42 were struck down in November of 1977?

Mr. Messer: — I cannot be exacting in my answer to the Leader of the Opposition. There is something in excess of 200 companies paying in the province of Saskatchewan. It would be, I think, generally accurate to say that about 25 of them are not paying all of the taxes or charges due to the province of Saskatchewan.

Mr. Malone: — How much; any of the majors; what do you intend on doing to collect the money? Perhaps you could start by telling me how much we have lost? Not lost, how much has been paid. I know what you are going to say when we say, lost.

Mr. Messer: — Well, I would like to give some consideration as to the amount that is not collected. It is not substantial in comparison to the total, the revenues that are collected. I do want to say, though, that I think that the understanding of most of those companies who are not paying, is that it is not a situation of not paying ever, but a situation of not paying until we have in place the regulations so that they can with precision compute what they should have been paying over the period of time that the regulations were not in place. So that, and I am speaking generally now, their attitude is not antagonistic in regard to not paying the tax. They say, we realize that there are moneys owing and we realize that we are going to be paying those at some time, but we feel that we are not obliged to pay that money until the exact regulations are in place. I don't really argue with them and the department is not undertaking to argue with them. But most of the companies are undertaking to say, we have worked out what we think it is and you will be collecting and we are going to undertake to pay that on an ongoing and current basis.

Those who have excluded themselves will, I think, have expressed an obligation to make that payment when the regulations are put in place, because of being negligent in paying in a current manner and they realize that.

Mr. Malone: — Mr. Minister, how much?

Mr. Messer: — I think, Mr. Chairman, it would be inappropriate to name the companies that are not paying. Somebody said, who. The member for Regina South is always asking the inappropriate and the wrong questions. That is probably why he is sitting behind the Leader and not with him.

Mr. Chairman, the total take on a monthly basis is something in excess of \$22 million a

month. A percentage figure not being paid would be a figure approximating 10 per cent.

Mr. Malone: — That is \$2 million a month, six months, so that is \$12 million that has not been paid because of the provisions of Bill 42 being struck down. Now, what you are saying to us is that, well, these are good fellows. They are going to come on later and they are just going to say, here boys, here is your money. Are you charging them interest? Are you giving those companies who have paid the taxes under now legal compunction to do so? Are you giving them some sort of an advantage because they are paying? Just what is the status of the thing, Mr. Minister?

Mr. Messer: — Well, Mr. Chairman, I believe the member is aware that Bill 47 is, in effect, retroactive to January 1974. The bill is retroactive until that period of time. And when the regulations are introduced, they will be responsible for making that payment. A percentage of the industry, by far the largest percentage of the industry, has chosen to undertake to pay according to their best calculations what the sums will be under Bill 47. There are no special considerations given to that sector of the industry. They felt that it is only reasonable and credible to continue to make those payments in an ongoing manner. For those who have not made those payments we do not sue and it is not our desire to assess any penalty against them. When the regulations are brought into place they will be retroactive in collecting the amounts that they have been negligent in paying. There will be no penalty or interest charge assessed against them.

Mr. MacDonald: — How can you . . .

Mr. Messer: — Well, the member is saying how can we charge any penalty? Had he been listening he would know that I said that we have no intention of charging a penalty or an interest payment.

Mr. Malone: — Let me ask you a couple of questions. Why should anybody be paying taxes voluntarily if they are not going to be charged interest if they don't pay them? Now, \$20 million a month is a fair chunk of money, Mr. Minister, and I suspect that some of those companies could squirrel the money away and collect some interest on it.

Now, I put this proposition to you. I don't know who these 20 companies are and it doesn't really matter to me but what will you do if those companies decide to sell their assets and move out of Saskatchewan? Say XYZ Oil Company decides to sell out to a major and he owes the government \$4 million or \$5 million, you have no way of collecting it. They sell the property; they have no assets in Saskatchewan; that money is lost, it's gone. You are in a situation now where you've got some people paying taxes voluntarily and receiving no benefit as a result of paying the tax. You've got others not paying the tax who could very easily avoid the whole situation by just selling assets and getting out of the province. Now, doesn't this sort of suggest to you, Mr. Minister, that it is imperative for you to set the tax rates under Bill 47, to get the act proclaimed and get the regulations into effect so you don't start losing millions and millions of dollars because of your inability to come up with a proper tax structure.

Mr. Messer: — The member may undertake to pursue a hypothetical situation in regard to a sale. I don't know of any industries that have sold and there have been five months go by. The member says it is a very real situation. I would like to know of an instance where it has happened. There has not been one. Now the only members that appear to be negative and argumentative about the whole transaction that's underway, in the province of Saskatchewan between the government and the industry, are the

members of the opposition. Nobody else has complained. The industry has not been complaining. They haven't been going to the public saying that we are not going to pay our taxes, we don't believe that the government of Saskatchewan is entitled to these moneys that are due. I remind the member that \$18 million out of that \$22 million is, in fact, collectible under The Mineral Resources Act and they are obliged to pay them, otherwise they would be breaking the law of the province of Saskatchewan. The member says \$2 million is a lot of money every month and I do not deny that, and over the period of five months we have \$10 million that is outstanding. But I say that the industry has indicated that they are willing to pay when we proclaim the act and introduce the regulations. I also remind members that during that period of time, by and large, most of the money has been collected, something in the neighbourhood of \$100 million at \$20 million a month over a five-month period of time. So most of the taxes are being collected. I don't argue with the member . . . Yes, we have and if the member would listen, if the member would listen, 70 per cent of the taxes are collectable under The Mineral Resources Act. O.K., you say there is no law to pay taxes and I am telling you that the largest percentage of the taxes that are being paid are, by law, required to be paid.

Mr. Chairman, I am talking about 10 per cent. I say, 10 per cent is not being paid, approximately 10 per cent of the total is not being paid. Well, the member says that we may not have the right. The industries believe that it is in the best interest of not only them but the government of Saskatchewan to pay that.

I, again, close by saying that it is only the members who sit to your left, Mr. Chairman, who want to raise this as an issue, because the industry has not. If they would take the time to check with the industry, they would find out that the industry is satisfied with the negotiations that are under way in the present attitude of the government in regard to the introduction of regulations and the proclamation of the bill. Bring me some evidence that would indicate that there is a concern there. Bring me some evidence that the government is going to lose some money in regard to the present situation that it is in. There is none! So, I think that even though we are trying, with all due haste, to bring in the regulations, we cannot do that for yet another month or two, but we are optimistic about being able to do it then and without any loss to Saskatchewan people or disruption to the industry.

Mr. Malone: — Obviously the industry is satisfied. If I didn't have to pay any taxes I wouldn't be making any noises either.

We have been pretty critical of your government for basic incompetency, of not knowing how to put proper taxes on the statute books - the potash industry, the oil industry. And now you are telling us for six months, and conceivably another four or five of six months until you decide how you are going to set a tax rate, that these industries are having a tax holiday in Saskatchewan.

We sit here and we wonder what possesses you people. You go after the potash industry. Two years ago or three years ago, you were sitting in this House and you were damning the potash industry because they wouldn't pay all the taxes you thought should be paid, so you decided to expropriate them. Now you have one-third of the taxpayers, who are supposed to be paying a certain amount of tax, not paying at all and you say nobody is complaining. Everything is just hunky-dory.

Surely you can be consistent in your approach. Are you going to expropriate them or you going to just let it go? Mr. Minister, one of the reasons that this has just come out

now is we intended on asking questions on this in question period and we all assumed that there was some arrangement whereby taxes were being paid. And to say that we are astonished to find out now they are not being paid, is putting it mildly.

What is there, Mr. Minister, that you can do or we can help you do, and perhaps the members to our left will help s well, to get the tax rate set? If we have to sit here another couple of days in this legislature, if it is going to get some millions of dollars for the people of Saskatchewan, I think it would be worthwhile. Now, get up, please, and explain why the tax rates haven't been set, what the big stumbling block is and how you are going to ensure that all the money that should be paid is going to be paid.

Mr. Messer: — Mr. Chairman, I doubt whether the members to your left - and I speak for the Liberal caucus - can do anything. I have conveyed to them that the industry is not dissatisfied. They try to interpret that. They try to interpret that because it is a tax holiday, Mr. Chairman. They try to interpret that . . .

Mr. Chairman: — Order, please. The honourable members on both sides of the House, particularly the senior members, and particularly - yes, the member for Wascana is one of them. They certainly know the conduct of the House and if they care to speak they will have the opportunity to speak, but please rise in your seat and address the Chair when you care to do so. I ask you to do that.

Mr. Messer: — Well, Mr. Chairman, there are perhaps some members who can't rise and speak but that is their problem, not mine.

Mr. Chairman, in answer to the questions and the accusations of the members opposite, I say that we are doing all that can possibly be done to bring this problem to a satisfactory conclusion. The industry - we are consulting with the industry in working out the regulations. We have conveyed to them our proposals in that regard. I have said that they are going to hopefully, have their responses back to us by the end of this month so that we can introduce those regulations as quickly as possible.

The Leader of the Opposition tries to tell us that he would be satisfied too because it is a tax holiday for the industry. I remind him that 70 per cent of those taxes are by law required to be paid and they are in fact being paid. The remaining 30 per cent is not paid because of the lack of proclamation of Bill 47 and the introduction of the industry, but 20 per cent of that 30 per cent, even though it is not in place, in their ability to continue to work with the government in a co-operative manner, pay those taxes and talk to the government about the required regulations - 180 per cent have not. Yes, 10 per cent amounts to sums of money but it is not correct to assume that that money is not going to be collected. Bill 47 is retroactive to January 1, 1974. We have not had it conveyed to us that these companies - this 10 per cent will be unreasonable in regard to the payment of those taxes. We believe that in the very near future that the problem will be resolved and the industry will in fact be paying all of the taxes due, as most of the money is now being paid.

Mr. Malone: — Mr. Minister, I'm sorry to keep belabouring . . .

Mr. Chairman: — I acknowledge the member for Saskatoon-Sutherland now.

Mr. Lane (Sa-Su): — Mr. Chairman, I just have a brief question and I will let the member for Lakeview back in again if he has some more questions.

I think the minister, first of all, would acknowledge - he has given us a real line of baloney in the House here tonight. He says that they did nothing, that they did absolutely nothing to offend the oil industry. Well as a matter of fact I think that you would accept as a reasonable person that if you lost in a general election, all of your agriculture vote, that maybe some of your agricultural policies needed reviewing and when the member for Estevan said that the oil people were very unhappy about what you have done to them under Bill 42, he was quite correct. Now don't forget that the Estevan constituency speaks for the oil people. That's where the oil is in this province and that's where the oil related industries are.

You remember that you had a very high profile minister by the name of Kim Thorson down there who got absolutely waxed by the present member and I say this not to disparage the member for Estevan, he is a good member, but at that time he was relatively unknown and he would admit that himself. He picked up one of the biggest pluralities in the province, if not the biggest. Now they were clearly telling you something about what your policies were in the oil industry.

Now what you did, Mr. Minister, first of all was to hammer the oil industry so hard that you scared off all the future productivity. When you say tonight that they are happy - I think the member for Lakeview makes a good point (and the members of his caucus) when they say that now, because they turned around and they called your bluff and they took you to court, now it is you who are shaking in your pants and you don't know what to do so you give them a free ride on the taxpayers' money for the province of Saskatchewan, hoping in that way to sneak through another general election. Then what will you do, turn around and hammer them unreasonably again? Now I would like to hear some answers to what the member for Lakeview raises. He raises a good question, why aren't you collecting those taxes? What kind of contingencies do you have in place? Mr. Chairman, 30 per cent of a huge industry's taxes aren't being collected. Now if that is your policy, why not say to all of the members in the House, all of the taxpayers of Saskatchewan, leave off 30 per cent of the tab and we'll trust that you have good faith to come forward and pay it sometime in the future? Now I don't suspect you have an answer to what happened in Estevan, where you had a very high profile cabinet minister bumped off by a newcomer, with one of the hugest pluralities in this province but please give us some answers to this matter of 30 per cent of the taxes that are not being collected.

Mr. Messer: — Mr. Chairman, I think the appropriate question is, whether or not the member for Estevan will be back. I think the conclusion to that is, he will not.

The member for Saskatoon begins his remarks by saying it's a bunch of baloney; we've had offers of assistance from the members opposite. The member then goes on to say that it is right, it is correct to assume that the oil industry is unhappy. The member for Estevan knows - then he says the member for Lakeview is right. He wants the answers to the member for Lakeview! The member for Lakeview is saying something entirely different! The member for Estevan is saying that the oil industry is happy; he is saying the oil industry is happy. Now how can you have it both ways, Mr. Member? You are saying in one instance the oil industry is unhappy in Saskatchewan and you agree with that. You are saying in the other instance that the member for Lakeview is right in saying that the industry is happy. You just can't have it both ways! You have got to march up front and be one or the other.

The member is also misleading in saying that 30 per cent of the tax is not being paid. I said 10 per cent was not being paid. There may be 30 per cent that we don't have

because of the lack of proclamation of Bill 47 and the regulations in place that should not or cannot be paid. But the industry, 20 per cent of them have decided that they should and that it is appropriate to undertake to pay while we co-operatively try to work out a resolution to the regulation problems. So there is 10 per cent, not 30 per cent.

Mr. MacDonald: — I have just listened to the most unbelievable situation. Usually the taxman in Canada or in Saskatchewan or in any institution is the man who is envisioned with claws; he is the man who comes and seizes. Do you remember a few months ago the potash industry reacted against paying their taxes? What did this government do? Why, they turned around and seized and expropriated and put in an act to take over the potash industry. Now, Mr. Speaker, we have the exact opposite situation. We have the taxation of the oil industry, that great non-renewable resource, which has become so valuable, which has become now a charitable contribution, a charitable contribution where the oil company comes in at the end of the month and says, Mr. Minister, how much would you like this month? Well, he said, how much would you like? Well, we'll give you a million, or we'll give you half a million. We'll make this decision. It is the first government, I suggest, in Canada that has collected taxes with no law to collect the taxes, with no law to collect the taxes. What right does the government of Saskatchewan have to collect taxes from the oil industry when they have no regulations, no law, no formula, no schedule to collect those taxes. If you want to talk about incompetence, you go back to Bill 47. Do you recall what we said in Bill 47? Here was a hastily prepared document, something thrown on the table to salvage the NDP political skin. Why? Because all of a sudden they are faced with a lawsuit, where hundreds of millions of dollars of the Saskatchewan taxpayers' money was going out the window because of their incompetence in 1972 and their incompetence in 1978 appears to be even worse.

I suggest to the minister, he talks about the potash industry not paying their tax. This man, this government and this ministry and this department have the guts to go out and take millions of dollars from the industry, with actually no regulations, no rules and no formula to go by. I say that is dishonest. I say that it is immoral and I say it is a terrible precedent for any government, Mr. Chairman.

Let's just stop for one moment and figure out what we are talking about. We are talking about \$22 million a month, Mr. Chairman, \$22 million at 30 per cent is \$7 million a month, approximately. Then \$7 million times 12 is about \$84 million a year. O.K., make a joke of it! That is exactly what you want to do, is make a joke of it. You are collecting \$84 million or you are risking \$84 million or \$85 million a year, that belong to the Saskatchewan taxpayers' money, because of your incompetence. You have now told us that 30 per cent of \$85 million which is about \$27 million or \$28 million, is not being paid. You know the NDP government turns around and talks about this great tax reduction and the income tax and everything else, and yet you are wasting, because of your own incompetence, \$28 million a year not being paid. You are jeopardizing \$85 million; you are collecting taxes on an immoral and illegal basis. I say, Mr. Chairman, that the Minister of Mineral Resources has no right to sit in that chair as the minister. That is exactly right.

Any man who will collect \$85 million from the oil industry, after what that government has done to the oil industry in this province, where they have risked thousands of jobs; where they are not any more rigs, any development, an exploration, where the entire oil industry has been threatened.

I want to ask the minister, what kind of a club, what kind of blackmail are you holding

over the oil industry in the province of Saskatchewan, where 70 per cent of them are paying taxes when they don't have to, when the whole industry reacted against Bill 42 and the taxes? I say to the Minister of Mineral Resources that there is a threat and a continual war against business that goes far beyond anything else we have ever seen in this province, when 70 per cent of the industry is voluntarily paying taxes, without anything, a voluntary contribution, without any schedule, without anything else. Mr. Minister, I say to the NDP government that this is an unparalleled situation, I suggest to the NDP and the Minister of Mineral Resources that there is no other province in Canada that has ever collected taxes for seven months without a tax bill which makes it legally lawful for them to collect that money. I suggest that no other industry has been blackmailed to the degree that the oil industry has in the province of Saskatchewan to make them pay that tax. I suggest to the Minister of Mineral Resources that the reason for the blackmail goes right back to 1972 and Bill 42 when they drove every oil man out of the province of Saskatchewan and particularly the local men. I say again that it is time that the Minister of Mineral Resources stood up and explained to the people of Saskatchewan and offered his resignation for collecting those kinds of taxes.

Now, Mr. Speaker, there are a few things that we should know. Maybe we shouldn't know the names of the companies that didn't pay because they have no moral obligation to pay, they have no legal obligation to pay and I agree with the Minister of Mineral Resources, those 25 or 30 companies, we shouldn't have their names. It is like giving the name of somebody who signed a bill and didn't pay income tax when he didn't have any legal right to pay it. Those companies have no responsibility to pay taxes. I want to ask the minister if he is willing to provide to us the names of those 200 companies that are paying taxes without knowing how much they are supposed to pay, without any schedule about what they are supposed to pay and can you give us the reason why they are paying taxes, what's the reason behind it, what basis are they paying it, in other words what formula? Now please tell me this, is Imperial Oil paying one rate of tax, is Shell Oil paying another rate, is Gulf Oil paying another rate, is Texaco paying another rate, because there is no schedule, there is no formula? Who is determining what rate of taxation? Is the Minister of Mineral Resources saying, oh, fellas, you better pay, oh, 75 per cent or give us a donation? Maybe that's a good point. What rate are they paying, Mr. Minister? You've got no rules, you've got no schedule, you've got no formula? Are they all paying differently? Is Imperial Oil paying the same as Texaco? Is Texaco paying the same as Gulf or is it all a charitable contribution to the people of Saskatchewan on behalf of the oil companies, even though we don't have any laws, any schedule?

Mr. Speaker, I have a few more things to say on this and I call it 10:00 o'clock.

The committee reported progress.

The Assembly adjourned at 10:06 p.m.