

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
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EVENING SESSION

COMMITTEE OF FINANCE
MINERAL RESOURCES
VOTE 23

Item 1 (continued)

MR. R.L. ANDREW (Kindersley): — Prior to the break I put a question to the Minister with regard to projected sweet oil production in Saskatchewan over the next five years. Is the minister in a position to advise the Assembly of the answer?

HON. J.R. MESSER (Minister of Mineral Resources): — Yes, I can provide you with the information. I can give you a crude oil supply and demand document which was submitted by us to the National Energy Board. It's dated June 1978. We're a little more optimistic now than the tables contained in this document. It is public information, but perhaps the member has not had the opportunity to look at it. It goes from 1978 to 1995 and I think it breaks down the areas he would like to have. I am willing to provide the member with this information.

MR. ANDREW: — How do those figures compare with the most recent figures of the National Energy Board with regard to projected production in Saskatchewan?

MR. MESSER: — As I stated to the member, the projections you are now receiving are modestly more pessimistic than is the National Energy Board and our own current figures.

MR. ANDREW: — Has the government prepared studies which would reflect these projected productions of this type of oil (crude oil) against the various proposals for energy pricing in Canada over the next three or four years? Do you follow what I am getting at? The most recent year under review or this year's budget is \$385 million, a revenue to the province from the oil revenue. In view of the figures you have provided, do you also have studies that would reflect what we might see in Saskatchewan as oil revenues at a given price level over the next five years?

MR. MESSER: — We don't, in effect, have any studies. We certainly have in-House assumptions but I don't know whether they really tell you a lot. Over the last eight or ten months we've had a whole series of proposals, each one different from the other, sometimes substantively different so you can pick and choose what you want. I think the member can do that himself as well as I, given certain price adjustments. You can then base some assumption on the adjustment and relate it to what you think it might encourage in the way of enhanced production, particularly in the heavy oil area. So we have no studies per se. Internally, we have made some assumptions, given a \$4 per barrel increase or \$4.50. We are now looking at media reports indicating the federal government might even be into increases upward of \$10 per barrel per year. You can use your own figures. Certainly those kinds of increases might generate more activity and ultimately more production because it may return a greater net profit to the developers. But again one has to find out not only what the price increase is going to be but how it's going to be divided between the producers and the levels of government, provincial and federal.

MR. LARTER: — Mr. Minister, there are quite a few questions we want to ask regarding

forecasts and everything for the future, but just to come back to something that has happened just recently. It was brought up in the House the other day under lease sale of \$22.5 million. I notice you show SaskOil having I think, \$1.22 million bid on one tract. There are other pieces of land SaskOil was in on this lease bid as well. Could you tell us how much SaskOil is involved completely on this lease bidding the other day?

MR. MESSER: — I can provide the information to the member. We don't have it with us. I have been told by officials of SaskOil they will have some information for the member tomorrow in Crown corporations because he had indicated in the House a week ago or last week that he desired a more precise breakdown. We have that. I expected it would be coming from SaskOil, not from my department, so my department does not have the information at this time.

MR. LARTER: — Well, Mr. Minister, isn't it mineral resources that receives the money from this bidding? Why wouldn't you have it more readily than SaskOil? You know how much money they had bid on certain land tracts.

MR. MESSER: — The department is not necessarily interested in breaking it out, company by company. We do it parcel by parcel. You know, we are interested in the parcels. SaskOil may get some of those; some other companies may get others. So we can break it out to you parcel by parcel but we haven't taken a look and said here's Husky, or SaskOil, here's Mobil or whatever and then have the grand total for them. SaskOil has that information but the department hasn't. It's got it but it hasn't computed it.

MR. LARTER: — Mr. Minister, both yourself and Canada Energy have forecast what is going to happen to light and heavy oil. I wonder, on these leases SaskOil has just bid on and received, can you give us an idea (you mentioned it could be supplied under Crown corporations tomorrow) on what basis you are going to be drilling heavy oil versus light oil and medium oil? Do you have any idea of the proportion rate?

MR. MESSER: — Again, it is difficult for us to try to assume what level of drilling might take place in some of these instances. There will be certain requirements the parties have to maintain and honor, but we don't have information that would indicate they will be drilling X number of wells on Y parcel. I don't think we have ever really asked for that as long as they generally live up to the terms and conditions of development. So the best source of information in respect to drilling activities would be to ask and have SaskOil provide it to you. I wouldn't have any argument in considering that information.

MR. LARTER: — I think the minister realizes we can only ask in SaskOil for the year under review.

MR. MESSER: — I appreciate that but I think I can provide the member the information whether it's in Crown corporations or whether it's directly. I just don't have the information at this time. The department does not necessarily inquire of the companies in all instances what kind of drilling activities they are going to have. It will depend on the success of their initial exploration activities. What might be two or three wells might turn into nothing more, or given better results than expected, turn into a flurry of activity with a much greater and much higher level of drilling so that they just don't operate that way.

MR. LARTER: — Well, Mr. Minister, some of the questions we are coming up with here tonight don't necessarily have to be answered in SaskOil as you know. Those questions

can be shrugged off completely because they only have to refer to the year under review. I'm interested in finding out for instance, for the coming year, 1980, just what SaskOil's plans are on partnership relationships, whether there are any plans for getting into their own equipment such as drilling rigs and if they plan on going an exploration route, or whether they're going on a development route on quite a bit of their drilling. Some of these questions — or all of these questions — don't have to be asked in estimates and the reason I ask you is because SaskOil is responsible to you.

MR. MESSER: — Well, that's correct, Mr. Chairman. But I think the member will have to appreciate that I'm here speaking for the Department of Mineral Resources as the minister responsible and I do not believe it's appropriate here to respond as the minister in charge of another Crown corporation, be it SaskOil or whatever. I do not deny it's related. But the charge of this committee is to look at the estimates of the Department of Mineral Resources and I will attempt to be as helpful as possible in that instance. When Crown corporations come up. I will endeavor to give whatever information I think is relevant to the member but he could well ask how many wells is Husky going to drill? Or Mobil? I would have to honestly say, I don't know because the department does not make it their business to ask of the companies how much they are going to do in the way of drilling for properties they have in the province for this fiscal year, so I would have to treat SaskOil as I would Mobil if you were to ask about them. If you can address yourself to that during Crown corporations, I think we can provide you with some of the information.

MR. LARTER: — Well, Mr. Minister, I think the basic difference is that SaskOil is working with taxpayers' money and the private sector is using their own money, Mr. Minister, can you tell me what kind of a deal you made with Gulf Oil on the 500,000 acres in the Lloydminster area. We've questioned you on this before and we've asked you to table the documents; we've asked you to tell us what Gulf paid for the right to go into partnership with you on the exploration on 500,000 acres without any other companies being consulted. I called it a sweetheart deal and I'll call it that until you can show me where the other companies had a chance on that bid. We still don't know whether it cost \$5 an acres to Gulf Oil or whether they paid \$50 an acre to enter this venture with you. I would appreciate if you could now shed a little more light on this sweetheart deal.

MR. MESSER: — Mr. Chairman, the member says that he asked for information and did not receive anything in relation to the arrangement in question and this is not correct. We conveyed to the member and to the general public that there was a transaction of \$15 million in cash, that there was \$84 million committed as far as work was concerned. There were 500,000 acres in question and depending on certain successes, they could well end up with 100,000 acres of property they would continue to explore and develop at the end of seven years. That information has all been provided to the member. Certainly the money is up front and the commitments in respect to what had to be done in that seven-year period of time. We have been, I think, quite open with respect to the arrangement between the government, SaskOil, Petro-Canada and Gulf.

MR. ANDREW: — Mr. Minister, the many pundits in the field of energy are concerned that Canadians per capita are perhaps the highest users of gas and oil in the entire world. Those same pundits support the view that in order to curb consumption, to preserve that very precious resource, the cost of Canadian crude oil must rise very quickly toward the world price. I would like to know the views of the minister as to just how fast he would perceive the price of crude oil in Canada should rise to the world price, or some modification of the world price.

MR. MESSER: — Well, Mr. Chairman, we've said the price of energy will have to move steadily upward if we're going to attain some Canadian security or self-sufficiency with respect to energy. For a number of years the Liberal and Conservative governments in Ottawa talked about self-sufficiency by 1990. I believe we see a noticeable absence in saying we can attain self-sufficiency by 1990, because we have had some delay in really getting under way with major programs. That has been largely because of an inability to adjust the price upward so we could have an environment or a climate or an incentive to start to develop some of the energy which is now sitting dormant.

I believe we should work toward a level of Canadian self-sufficiency as rapidly as possible; there are some roadblocks, not just the adjustment of price, but the fact you can only spend capital so quickly, you can only get human resources to allow you to turn that energy source on, in certain quantities. We will have to take a look at just what we can rely on in the way of those resources in order to attain that goal. We do not deny there will have to be some significant upward adjustment for energy, but it should be done in such a way as to single out some sectors of the Canadian economy which may be adversely affected and give some consideration to easing that adjustment for at least an interim period of time so that the adjustment will not affect them to the extent they are either put out of business or suffer intolerable hardship.

MR. ANDREW: — It's my understanding the Premier addressing this question indicated the Government of Saskatchewan would be calling for an increase in the price greater than the one proposed by the former Trudeau government which lost office in May of 1979 (which I believe was \$1 per barrel), but something less than the Clark administration (which was I believe \$4 and \$4.50 and worked up). Is that the position of the Government of Saskatchewan as to the steps toward world price — something less than the proposed agreement of the Clark government, which was about to be signed with the Government of Alberta in November or December of 1979.

MR. MESSER: — No, not really. Again I remind the member it's not just price adjustment. Certainly a large part of the package has to be what the division of that price adjustment might be. It's no good to talk about \$4.50 per barrel or \$4 per barrel every six months until we reach Chicago price or whatever, unless we know how much of that \$4 the federal government is going to take, how much is going to be left for the provinces, how much might be directed to the industry, and if we are going to in concert with the price adjustments make some source of non-renewable energy that is not developed more attractive than others? In other words are we going to have the senior levels of government make it sufficiently attractive to turn on a much higher level of activity in the heavy oil area, vis-à-vis the continuation of tar sands mining development? These questions have not yet been answered. Certainly any price adjustment, in order to satisfy us, will have to be specific about how we're going to allocate those increased revenues that governments and industry will have to enjoy.

MR. ANDREW: — In general, would the minister agree that the move toward energy self-sufficiency in Canada should be paid for, to a large degree, by increasing the price of oil to raise that revenue so there is money available to develop those frontiers, or that heavy oil, or that type of thing? That's where the money is to come from, by increasing the price of oil?

MR. MESSER: — Well yes. If it's going to cost more to develop new energy sources, I can't think of any other sector in Canada where we can acquire the billions of dollars that are needed. We hear figures of \$200 billion to \$300 billion needed to attain that

goal. Certainly no other sector in the Canadian economy can generate that kind of revenue for that development. It's going to have to come, largely, from the energy field itself. If it is and we are going to offset imported oil with our own production, then Canadians are going to have to start paying significantly more for their oil.

MR. ANDREW: — Going back to my original question, regardless of how the pie is divided up, the projected increases under the Clark proposal, as I understand it, given a 2 per cent increase plus an inflation factor, would not reach us to the point of the world price until perhaps '87 or '88. Now is that the type of target area that you would see as a potential where the industry in Canada, or the government in Canada, would at that point put the price of oil towards world price or 85 per cent of world price — whichever we're going to?

MR. MESSER: — I would like to be more definite in responding to the member's question, but it's difficult to do when we do not know what kind of price increases may be imposed on us by the OPEC countries. It's just not good enough to say we want to get to what Chicago price, or world price, or 10 per cent or 15 per cent of what world price is today, in the near future and not take into consideration the likelihood of adjustments. Go back to the last discussions, when the former federal Conservative government was talking about adjustments in hopes of reaching something within 15 per cent at least of world price by 1984-85. That was before we had some significant increases in imported oil — more significant than we had predicted — so that threw their assumption and their objective all out of whack as far as the time frame was concerned. The same thing may apply now. The federal government may have some proposal or formula to convey to us which will bring about substantive increases, and assume in that formula that world price is going to go up by a certain percentage factor. But it may well go up more significantly than that and there's going to have to be other or more substantive increases. The member asked whether or not we fell somewhere between the former Liberal government proposal and the former Clark proposal. I think that the answer, if he had asked that some months ago, might have been yes. But given the circumstances now, we're looking at a whole new round of energy negotiations in respect to energy pricing and energy policies. We want to reserve our decision until we see what the federal government is prepared to offer to us. I have said to the federal Minister of Energy, Mines and Resources (I have conveyed the same feeling to the Minister of Energy in Alberta, Mr. Leach, and to the general public) that we are not prepared to settle for anything less than the bottom line provided us under the Clark proposal. But we may want to re-juggle that and we would like to have some greater emphasis on heavy oil, some greater emphasis on research and development in the renewable energy sector.

MR. ANDREW: — Could I take from the minister's comment that the whole concept of the Canadian Energy Security Fund is not necessarily part of your package when it comes to bargaining with Lalonde and the province of Alberta?

MR. MESSER: — Well, we (and the Premier has recently said this) are not wedded to the Canadian Energy Security Fund proposal. When that was first proposed it was certainly in different circumstances than we're now involved in. It was 1975, five years ago. We have conveyed to our counterparts both federally and provincially that we still believe the concept of the Canadian Energy Security Fund is the best proposal that we have to this time but it will likely have to be modified given today's circumstances. But we think there's a lot of merit, if we're having significant increases, to setting up some fund which may be administered primarily by the federal government with provincial input to

direct the private sector or the public sector towards energy development in Canada, which Canadians feel will be in their best interests, rather than have them decide in their own right. There seems to be some growing sentiment to that. The federal government has said they think there is some merit in that. Some of the other provinces who were reluctant initially to comment, at least comment favorably, are now indicating there may well be some merit such in a proposal, depending on what the overhaul of it might do.

MR. ANDREW: — I take it the most serious entity in that total energy debate is the province of Alberta. I think the minister would agree with me that the province of Alberta has rejected out of hand any concept of a Canada Energy Security Fund. With the province of Alberta being such an important player in the energy debate, is it realistic to think that the proposal is still in the cards?

MR. MESSER: — Well, I believe that the energy security fund proposal is still in the cards and will likely be discussed during the coming months. I think it's somewhat inaccurate to say the province of Alberta has rejected the proposal out of hand. No one has really tipped his cards at this time as to what his position may be during the course of this round of negotiations. Certainly Alberta hasn't, the province of Saskatchewan has not and certainly the federal government hasn't. They've postured a couple of times; I think they have tested the water and they want to put together a pretty comprehensive plan. We're awaiting that before we respond to it and provide what we think would be essential parts of a renewed energy package, including pricing.

MR. ANDREW: — Mr. Minister, I believe the press statements arising out of your last meeting with Mr. Lalonde would seem to indicate that Mr. Lalonde was giving favorable consideration to your program by which the federal government would become a player, I suppose almost a royalty player, in the energy game. By the same token, did I interpret the press statements as being correct that your government is also favorably interested in the whole concept of developing a blended price for oil as opposed to an across-the-board price?

MR. MESSER: — I believe the member is correct when he says that Mr. Lalonde left the impression that there was some interest in the energy security fund proposal that Saskatchewan advanced nearly five years ago. When we talked about blended price, I said the province of Saskatchewan was not against blended prices until we saw what blended prices really meant, because the Liberal candidates were not able to explain it during the course of the federal election. Mr. Lalonde, during the course of my meeting, was either not able or not ready to give us any detail as to just what blended price might mean, how it might be worked out, what it might mean to Saskatchewan. Our position was fine. Until we find out what it's all about we're not necessarily going to oppose it, but that should not be interpreted to mean we are a supporter of a blended price.

MR. ANDREW: — The blended price is normally interpreted, as I understand it, in the oil industry to be similar to the pricing structures in the United States, and I'm under the impression that the Americans are moving away from the blended price as being too complex and a bureaucratic nightmare. Is that not your understanding of the meaning of blended price, or the normal understanding of the words blended price?

MR. MESSER: — I think six different people could give you six different interpretations of what blended price might mean. I believe what really counts . . . O.K. in general and simplistic terms, the answer to your question might be yes. But the member I think will recall that during the election when the liberal candidates were talking about blended

price, they were leaving the impression, or it was wrongfully interpreted to mean the price would be something less than the \$4 or \$4.50 increase which the Conservatives had proposed as a price increase pattern. Now, in recent press I see the Liberal, not now candidates, but members of government saying it could mean something upwards of \$10 price increases per year, so obviously there is a lot of elasticity as to what blended price might do. Our position is we're not advocating blended prices, we're not supporting blended prices. But we are saying, propose to us in a way that we can see what its effects will be on Saskatchewan, and then we'll tell you whether we're for or against a blended price.

MR. ANDREW: — Going back to the question of the Canada energy fund, it strikes me Mr. Lalonde would be quite foolish not to accept your program of a Canadian energy fund because you're simply cutting out a chunk of the pie which would normally come to the province of Saskatchewan and particularly to the province of Alberta; you're cutting a big chunk out of that pie and taking it in for federal use to control a fund which, I think by your words, would be controlled by the federal government, and which, based on your figures could mean \$100 million that would normally come to the province of Saskatchewan by the year 1983. You would be giving that up to the federal government.

MR. MESSER: — No, not at all. The member has missed a link somewhere in the proposal of the Canadian Energy Security Fund. Let me say that Alberta agreed to give Ottawa half of everything over \$2. They took that position. We did not. We proposed an energy security fund as a last resort, saying to Ottawa, if all we have proposed to you is not acceptable and you are going to take a large bite of the money generated through oil price increases, a larger bite than we think you should take, (meaning the province of Saskatchewan) we as a last resort propose to you that if you're going to take it rather than just direct it to other expenditures, then direct a portion of it to a Canadian Energy Security Fund which properly managed should give some confidence to Canadians that there is going to be some government direction in the development of non-renewable sources of energy which are not now being developed. The key here is that we said the energy security fund should come into place if we have lost all other negotiations as to how it should be shared, and if you're going to take half of everything over \$2, put some of that into a Canadian Energy Security Fund and specify that it should be directed to development and ultimate production of Canadian energy resources.

MR. ANDREW: — Are you not saying that first of all we'll have a period of time to where we reach the world price? So by doing that, by being away under the world price now, we are giving up a fair amount of that resource, as is the province of Alberta, to the country as a whole if you like. But you're going a step further. You're not only giving that up with a demand for a smaller increase in the price of oil.

You are as well turning around and saying part of that increase is going to go to a Canadian energy fund controlled by the federal government, and spent by the federal government where they see best to spend it. The result is the people of Saskatchewan and the people of Alberta are the big losers in this whole operation.

MR. MESSER: — No, not at all, Mr. Chairman. If we continue the way we are now, we're giving up very large sums of money. The member agrees with that. If we were to implement what the Conservatives had proposed in the way of energy price increases we in Saskatchewan were giving up very large sums of money. Our position was we should have a larger share of that increase. So we still, as far as Saskatchewan was

concerned, lost significant revenues to the province.

If that was going to be the ultimate position of the federal government, our proposal was to take some of the money we say we should have in Saskatchewan and direct it to a Canadian Energy Security Fund. If we're putting money in it, it will not be totally controlled by the federal government, but there should be provincial input into it as well. There should also be opportunity for other provinces who are not energy producers, but who would gain from enhanced activity in the development of energy in Canada, to put money into it from some other source if they so chose. They would be not only provincial contribution from producers but could be from non-producers. There would be, according to our proposal, some input from the provinces directing the expenditure of that fund.

MR. LARTER: — Mr. Minister, our whole argument through this initial proposal of the Canada energy fund by the Government of Saskatchewan, or one of the arguments we put forth, was that you seem to be not putting up a united front in western Canada, particularly with Alberta. You are not perceived to be standing with Lougheed in fighting for a non-renewable resource even though ours is depleting faster than Alberta's. We have a lot less of it than Alberta. Yet you are putting up far less of a battle than Alberta to maintain a non-renewable resource which we own.

We have had arguments over the years over how we feel central Canada is treating the West. Yet when it comes down to a non-renewable resource that is very fast depleting (you keep telling us it is, that's why you keep your gas wells in western Saskatchewan capped) you are not putting up a good enough fight as far as we're concerned. Instead, the Premier comes up and proposes an energy security fund in 1975, then modifies it in 1979. You are still offering to give half of what we receive over \$14.75 a barrel. You are still offering to give over half of it away to the federal government. Now it's well and good for you to say, well we're going to lose that money anyway, we'd better protect it, we'd better have an energy fund. But I don't believe we've lost it. I believe if we do lose it, or if we lose half, it's because you're not taking a united stand with Alberta and probably the other western provinces on this matter.

MR. MESSER: — Again, Mr. Chairman, I don't know whether the member was in support of the former Conservative government's price-increase proposals, but they took half of everything over \$2. It was gone. There was no guarantee it was going to be directed to an expenditure which might affect Saskatchewan or western Canada in any way. It might offset the balance of payments. It might subsidize the cost of energy in eastern Canada or central Canada. There was never any assurance as to where the money may be directed. For all intents and purposes, when the federal government decided that that was going to be the package for energy increasing, we had already lost that half.

I don't think the member can say we didn't fight to try to establish a larger share of that portion of price increase. But we lost and Alberta conceded to it, saying O.K., if you give us the arrangement on the first \$2, you can have half of everything over \$2. We're talking about hundreds of millions of dollars. We, in Saskatchewan, said no. As a last ditch effort, please give us something we can all participate in, in order to direct further developments of non-renewable energy resources in Canada.

Now it is also improper for the member to conclude that we have not stood up for provincial rights in Saskatchewan. I think we have argued as strenuously and as forcefully as has the province of Alberta. But we have some different objectives. We

have some different policies in attaining those objectives.

Alberta does not look at us as a poor western citizen in standing for these rights. In fact, I would ask the member to phone the Minister of Energy in Alberta and ask him whether he thinks we are a poor ally. I would be very surprised and disappointed if he said that we were because we have a very close ongoing personal rapport with him. We had it during the negotiations to a certain extent with the former Conservative government. I have talked several times, by telephone and personally, with the minister since the government changed.

We're now awaiting a proposal from this Liberal government with respect to energy. We have a very frank and open relationship. I believe they do not expect us to be as aggressive as they may be in their discussions because they, after all, are the large player in the whole element of negotiation between the provinces and the federal government on energy pricing. The influence of Alberta will outstrip to us by the federal government, an energy package. I don't think that should come as any surprise. They are the largest producer. They stand either to lose or gain the most. So the rapport is primarily going to go on between those two parties.

But I believe the provincial Government of Alberta and the federal government, to a considerable extent, appreciate the province of Saskatchewan as a modest producer offering somewhat different proposals as to how this package should be put together. Not that we're conceding anything we think is deserving to the province of Saskatchewan, but perhaps we can provide some alternatives that the two parties which can't agree might be able to agree on so we can still get what is fair for western Canada and fair to the rest of Canada which needs the resource we have here.

MR. LARTER: — Mr. Minister, first of all, I would like to tell you one thing without any equivocation at all. We didn't appreciate the stand taken by the former government on half our oil price increase at all. We certainly would have fought that very, very hard.

I think the attitude of your government is that we are a very insignificant partner in this western Canada fight for our rights on non-renewable resources. This is what bothers me. We seem to be riding along on the coattail of the Alberta government. The Premier seems to have made more overtures to Marc Lalonde the few minutes he was in Regina than he has all the time he has talked to Peter Lougheed. You can say we do have good relations with Alberta. That's fine, but I'm telling you the public of Saskatchewan and western Canada don't have that perception of you fighting for western non-renewable resources.

MR. MESSER: — The member may have a different view. He's entitled to that. I feel very comfortable going about the province of Saskatchewan talking about energy, and as a responsible minister of this government defending the policies we have advanced in respect of energy development and pricing. I believe the people of Saskatchewan think we are doing all that is within our power to not only develop energy in a way that is advantageous and rewarding to Saskatchewan but to Canada as well. And we are going to get every nickel out of that resource we possibly can without jeopardizing or seriously affecting the rest of Canada. After all we have to keep mindful that we are Canadians.

I find it just a little strange the member can say this government, whether he agrees with us or not in the way we some years ago took action against the federal government and

against private sector companies which we thought were not returning to Saskatchewan significant rewards for the development of their resources . . . The hassles we went through with the federal government and with the courts, he may disagree with all of that, but there was one objective that motivated us. That was that we wanted to have more control over the development of our own resource and we wanted to have greater returns from it.

I just don't believe the member can convince Saskatchewan people that a few short years ago we were out doing all of that (perhaps wrongly in his mind) to attain more power and more wealth for Saskatchewan, and now we have flopped over and all of a sudden we are prepared to give away our oil to the federal government. If you think you can sell that then you just go right ahead and sell it. I don't believe Saskatchewan people are going to show any interest. They see Saskatchewan and Premier Blakeney (and as the member for Lakeview says, the press is recording it) far out in front talking about not only resources and how they could be developed in the Canadians' best interest but in the interests of the people who live in the province where that resources is. It's just going contrary to what public opinion is.

SOME HON. MEMBERS: Hear, hear!

MR. ANDREW: — Do I understand the minister's comment to the previous question of the member for Estevan was, I suppose that if we can paraphrase it would be this way, that the big players in the game are the province of Alberta and the Government of Canada? The Government of Saskatchewan is not that significant, but is using its good offices, if you like, to try to conciliate between the province of Alberta on the one hand and the Government of Canada on the other hand. Am I correct in that being the position you are advancing in these rounds of negotiations?

MR. MESSER: — Not at all . . . (inaudible interjection) . . . No, I did not. I think that the record will show I said that the big players were Canada and the province of Alberta. That cannot be denied. If the member wants to go back to the discussions between the province of Saskatchewan and the federal government on the Conservative energy price package he will find that at the latter part or about a third of the way through the negotiations the federal government just left us out . . . (inaudible interjection) . . .

No it's not our fault. We were talking to them. Every week or every couple of days we got a different proposal in respect of what might ultimately be the package. Then we were just left out while the negotiations centered between the federal government and the province of Alberta. Even though we attempted to continue to establish rapport and dialogue with the federal government, it was non-existent.

Now we can't, if the federal government won't allow us, be part of the negotiations, force ourselves into the negotiations. That was the decision of the former Conservative government. I am just saying those are the facts; we weren't a large player. We were kept in touch initially every bit as much as the province of Alberta was, then it was terminated. In fact there were statements emanating from the Premier of this province and myself bringing that to the attention of the federal government, hoping that public opinion would force them to include us in the continued negotiations but that, by and large, fell on deaf ears. So I am not saying we want to be the conciliator. I'm saying we know we are not going to out-influence Alberta with respect to energy pricing and an energy package for development of Canadian resources. But we do not allow that to deter us from providing to meetings either at the official level or the elected members'

level what we think is the best policy, what we think is the best package. We've done that consistently in the past. We'll continue to do it.

MR. ANDREW: — But did you not indicate to the member that one of the significant parts of the debate and the significant function of the Government of Saskatchewan was to try to reconcile the position of the Government of Alberta and the position of the Government of Canada and act as a conciliator? Did you not indicate to the member for Estevan that was exactly one of the vehicles you would try to use to arrive at an agreement?

MR. MESSER: — No. I think I indicated the province of Alberta appreciated the role Saskatchewan played in that it was offering some different proposals than either the federal government or the province of Alberta. Alberta might be able to then use those proposals as a means of coming to an agreement because they were able to come to an agreement. But we're not offering ourselves as conciliator. Our purpose of offering proposals which are different from those of either the federal government or the province of Alberta is not in hope of ultimately being a conciliator in resolving this problem if it is perceived from a different attitude with respect to resource development. If that ends up assisting in resolving the problem, fine, but we're not coming out here assuming we're poor cousins to the extent that all we can do is conciliate. We have a valuable resource; we have significant quantities of it, especially in the case of heavy oil. We think there has to be some very significant adjustment made so we can start to accelerate the activity in that sector.

MR. LARTER: — Mr. Minister, a few minutes ago you attempted to tell us that you are always the defender of our resources. I assumed you were going back to Bill 42 when you were protecting the province from losing its oil revenue. I think the minister knows full well that what you did on Bill 42 was to pass an illegal piece of legislation. This was brought down in the supreme court and proved beyond a doubt. If the minister had followed the same method as Alberta in negotiating, only reversed the formula with regard to freeholders and Crown land, he might have come up with a few million dollars less money but wouldn't have chased all the oil companies out of here in 1972. You would have collected all that money legally plus a lot more by the oil companies staying here. I'm also saying you have basically lost eight years of full company participation in oil drilling in Saskatchewan.

You then brought in Bill 47, which, of course, was a bookkeeper's nightmare, to attempt, as far as regulations are concerned, to justify this illegally collected money. You've done that. You've ironed that all out with the oil companies now. But when you talk about being protectors of our resources you've again done something illegally which could have been done by negotiation. This is the type of rapport you've had with everyone you've dealt with over the years.

MR. MESSER: — Well, I don't agree. If we would have implemented what Alberta did we would have in effect been giving away significant revenues from the resources. He knows it's not that simple. He knows the production patterns of Saskatchewan are very much different from Alberta's. It would have cost us hundreds of millions of dollars to do it that way. Mr. Chairman, I'm not going to get into the whole defence of Bill 42 again. I suggest to the member that we passed Bill 42; we resolved the consequences of Bill 42; and we went to the people again. We came back with a stronger government than we had the time before, and I think that's the test of whether the people of Saskatchewan perceive us as being the defenders of their resources. Had they

perceived us as being deficient in that respect, you wouldn't see all of my colleagues sitting over here on this side. We increased our majority after going through that scenario and surely this must tell the member something.

SOME HON. MEMBERS: Hear, hear!

MR. ANDREW: — I'm interested in the whole development of heavy oil around the Lloydminster area. Perhaps a year or two ago, there was a fair amount of optimism that there would be upgrading plants built in that area of Saskatchewan — probably by this year. Is there any time frame you're looking at as a potential or possibility for those plants to be built?

MR. MESSER: — We were always very wary about talking about a start-up date for an upgrader in the Lloydminster area, and our reason for this was quite simple. We said you have to have the production before we need an upgrader. But the companies wanted to talk about an upgrader first. They assumed that once you got the upgrader all the production would come on stream. We were somewhat different, saying once you start to see the enhanced recovery working and the production accelerating upward, you can move in on an upgrader.

There was also concern from within the government, within the Department of Mineral Resources, that when we were talking about an upgrader we couldn't get any two companies to agree on what technology they should apply other than, let's go on the upgrader and it will all sort itself together. But because of the emphasis which was put on upgrader, we got into what was perceived as a time frame for the establishment of an upgrader start-up date for construction and actual upgrading of oil by the mid-1980s. We have changed that because the companies have changed. They now agree with what our position has consistently been — which is, let's put all the emphasis on the enhanced recovery and we can sort the upgrader out as we see the production coming on through enhanced recovery.

One other element which has brought about change in the last 18 months or so is that the technology of upgrading now shows that rather than having one solid upgrader of 100,000 barrels per day or more, you might be able to have economic smaller units spread about in various areas of significant heavy oil production. So there is some interest being directed toward this as a possibility in the upgrading area. So we are not at all pursuing an upgrader at any cost. We want to put the emphasis on the enhanced recovery of heavy oil and establishing a proper climate to encourage investors to look at the recovery of heavy oil.

MR. LARTER: — Mr. Minister, you are talking of, by 1985, having facilities available in the Lloydminster field to bring on 50,000 barrels a day and by 1990 something like 150,000 barrels a day. Is this correct?

MR. MESSER: — I'm sorry. I didn't get the intent of the member's question.

MR. LARTER: — You said your intentions for recovery in the Lloydminster plant is by 1985 to handle about 50,000 barrels of oil a day and by 1990, 150,000. Is that correct?

MR. MESSER: — No, not really. As I indicated earlier we want to first have better information — better production, real production with respect to what enhanced recovery will do. Then we can start to design an upgrader. I believe that ultimately there

is going to be a large upgrader, but it may be that this technology I mentioned where we . . . (I believe they call them skid-on upgraders or something.) If these can be put into place economically, then there may be a longer period of time where we will have several of these smaller upgrading units before we get into a large, centralized upgrading facility.

MR. LARTER: — What portion of this program is the Government of Saskatchewan going to take part in?

MR. MESSER: — There has been no decision as to what per cent the Government of Saskatchewan may involve itself. I think it highly unlikely that SaskOil would not be involved in upgrading facilities if we were to instigate them. In fact, I think almost without exception the private sector companies are willing and want SaskOil participation because to some extent, we will be trying new technology there. They not only want a commitment from government but they would like to have some revenues, some financing from government, and we think (and the member may disagree with me) the best way to involve ourselves in that instance would be as a partner. If we were not partners then we would have to put up some moneys in order to provide the incentive and to compensate for the risk involved if the private sector did it singularly. We also want to have, if there is a large upgrading facility, an assurance that all developers and producers of heavy oil will have access to that upgrader.

It looks like the simplest means of being able to achieve that would be to have some public participation so we don't have a private sector company building an upgrader to satisfy its requirements, plus some other clientele's requirements, and have others excluded for whatever reasons. We think that the fee-for-service attitude is likely to entice smaller independent companies to go into the heavy oil exploration and development activity more than it would if we went the alternate route.

MR. LARTER: — Mr. Minister, in our medium and light oils, we have oil that doesn't need upgrading and I wonder how far the Government of Saskatchewan is going either through SaskOil or through your department? What are you doing on work in tertiary recovery in southern Saskatchewan, for instance?

MR. MESSER: — The government per se has no programs of activity but the private sector does and they are benefiting from the incentives that the province provides to them. I think the member knows the companies as well as I. Shell and Dome and I guess, Gulf are involved. I had mentioned in this House earlier, in response to a question, that they are active and spending significant sums of money. Indeed some of them are accelerating their activity in their expenditure but they haven't had the luck that some companies have had south of the border working in the same area.

MR. LARTER: — Mr. Minister, I think in the case of Gulf, for instance, working in the Willmar field — I don't believe there are too many people in the oil fields who feel they're working in the proper type of basin to receive a true test. I would suggest there is a real potential for increasing the life of light and medium oil in the southern part of the province and I'm very surprised that the Government of Saskatchewan, either through SaskOil or through the Department of Minerals, isn't more involved in this tertiary recovery program. On this Gulf deal, do you realize that the industry feels this?

MR. MESSER: — Well, I'm told by my deputy that it's currently quite likely the contrary, in that initially there were some people who were critical of where Gulf was undertaking this venture but current success has indicated that they were likely right and everyone

seems to be quite pleased with the results and progress currently being made.

MR. LARTER: — Can the minister tell us if SaskOil is using any of these new, improved methods to increase the capacity in SaskOil wells?

MR. MESSER: — One of SaskOil's problems in that area is that we don't have much in the way of opportunity because most of the land is already taken up by the companies I have just mentioned. If we don't have any access to land, then there isn't really much opportunity for us to try the technology that they're trying. We don't have any secret technology. We'd be doing the same thing some of these other companies are. We would likely be doing it if we had land to do it on but, by comparison, we've got only modest land resources. We said some years ago that we were going to direct a large part of our attention to the heavy oil area where there wasn't significant interest. That's where we will be putting a large part of our human resources and a large part of our expenditures. We have accelerated and intend to accelerate in a more modest way the enhanced recovery or tertiary recovery of our sweet and medium crudes as well.

MR. ANDREW: — Another area of energy development that I understand your department has engaged in, is the question of biomass in gasohol. Prior to the spring session, I note that an official of your department pretty well threw cold water on the whole idea of developing gasohol in the foreseeable in Saskatchewan. Is that still the view of your department?

MR. MESSER: — The position of the government has always been that we want to have some further testings of technology before we have undue interest or action, primarily by the farming community with small gasohol plants on every farm, or co-operative or private sector companies on a regional basis being formed, to take advantage of the gasohol option. We know that there are numbers of studies which have conflicting conclusions about gasohol. We think it would be much better to have some pilot project in Saskatchewan to investigate the real feasibility of gasohol production. It may well be that some of the moneys we've set aside in this budget might be directed toward that. I mentioned earlier, in fact I mentioned several times, that we have conveyed to the federal government that we want to see more federal dollars directed to renewable energy research. I don't think that it should be surprising that one of those areas to be considered would be gasohol production.

MR. ANDREW: — Am I to take it that your department is presently conducting research into the whole field of biomass?

MR. MESSER: — The government has been involved in modest ways. We have an experiment underway in Hudson Bay, Saskatchewan between Sask Forest Products and Sask Power. I think the member knows about it. We're trying to use the by-product of the wood industry there. It is an ongoing basis of research. We had internal studies done within the government by the Department of Agriculture and Department of Mineral Resources and I believe there were several other departments as well looking at the possibility of such renewable energy sources. The conclusion was there was enough interest and potential that we should have some outside consultative help and we are now doing a world-scale study to give us further information, in order to make decisions about future progress in that field.

MR. ANDREW: — Is that study under the Department of Mineral Resources?

MR. MESSER: — The Department of Mineral Resources is coordinating it; the other

department involved is agriculture; and I believe the Crown corporation, Sask Power, is also involved.

MR. ANDREW: — Do you have any idea, for the members of the Assembly, as to the amount of money being injected into that study by the Government of Saskatchewan or one of its Crown corporations?

MR. MESSER: — I think I can provide a little bit more information to the member. The study is being carried out by Stanford Research Institute, and we are one customer buying into what I termed a world-wide study. The total cost is upward of \$0.25 million, but there are other persons who are also interested in this. It will be the same research and study which would be done by them if it were done separately, so there are a number of persons buying into the results of this study. We're one of them. We don't know with precision what it might cost us at this point in time.

MR. ANDREW: — What you are saying, basically, is you are making a grant to Stanford — is it Stanford University which is doing the study?

MR. MESSER: — It's called SRI. The Stanford Research Institute; I guess it might be a dependent agency of the university doing such research work for private and public sectors.

MR. ANDREW: — That is the bulk of the research presently being done by the Government of Saskatchewan, I take it, providing a grant to the Stanford Research Institute. How much (I didn't quite understand your answer) is the total cost of the project; \$0.25 million or is that the Government of Saskatchewan's share of the project.

MR. MESSER: — We are not granting money to SRI. We are buying certain information from them. We have had input with certain questions relevant to Saskatchewan which they will research in total, along with the other customers who want to benefit from that study. The assumed total cost is expected to be something in the neighborhood of \$250,000. That is not our share, that is the total cost. To be quite frank, we think that's the best way to get our mileage. They are doing the study. Other persons also have input into it with information or knowledge we don't necessarily have. So we think the coordinated effort of pursuing this information is going to be much, much more productive and quite likely less costly than it would be if we tried to set up our own research.

MR. ANDREW: — I grant you that, but I take it this is an ongoing study which will cost approximately \$0.25 million, and it's being done for various people, I would assume, on the North American continent. How much of that \$0.25 million is the provincial government's share? How much are you going to contribute to that research project, or to buy information which comes out of that study?

MR. MESSER: — Well, it may well escalate as it goes along because of the nature of the research and the kinds of ongoing inquiries or input which we have into it. It's expected that our cost will be somewhere in the neighborhood of 10 per cent of the total cost of the study, unless we ask for significant specific information that we have not now indicated we want.

MR. ANDREW: — So basically you are committing \$25,000 to the total gasohol research for the province of Saskatchewan. Is that your statement?

MR. MESSER: — No, we had spent money in advance of this particular arrangement. We have a renewables arrangement providing \$17 million which may well have an expenditure directed toward this type of researching or what might ultimately be small pilot projects. We're just in the working stages of it now, but before we escalate that significantly we want some benefit from this SRI activity so we're not going to be expending money and pursuing gasohol activities that are just not going to have any success.

MR. ANDREW: — Did the internal study you talked about recommend to the Government of Saskatchewan that further development of gasohol should be through the vehicle of a Crown corporation much like SaskOil as opposed to being controlled by farmers or producers?

MR. MESSER: — It was just looking at the economics and the technology. It wasn't talking about strategy, how it should be orchestrated or organized in any way. It was just technology and cost.

MR. ANDREW: — It would appear that in the mid-western United States the gasohol plants are springing up in fair numbers and the acceptance of gasohol seems to be fairly widespread. Does it not seem logical that is also valid for Saskatchewan, given the Government of Canada is prepared to increase the price of oil so we're somewhere close to world price and therefore it becomes viable?

MR. MESSER: — Well, we have a somewhat different situation than some of the states which are pursuing gasohol. They do not have an alternate source of energy. Granted it's non-renewable but there is a significant belief we can get more mileage out of our dollar by developing the non-renewable resource which will provide the energy we need and that over a course of time they will refine what is considered, at best now, a primitive technology in the production of gasohol. We can develop our non-renewable resources and then at some later time in the future take advantage of a much more precise technology with much better economics.

We also find that the areas in which the member sees significant activity in the United States is producing a 200-plus bushel hybrid corn which is going to get much greater production on a per acre basis from gasohol production than we will get in Saskatchewan out of feed grain production. Even in those instances there is significant subsidy needed in order to make that gasohol plant work. Now, I am not saying that's an argument against it but we have some other options here that they don't.

MR. LARTER: — Mr. Minister, can you tell us if this SRI is going a little further into what studies on ethanol and can you tell us if there's anything in this line in the future?

MR. MESSER: — The SRI study is looking at the entire area of biomass production so it will look at all of those.

MR. E.A. BERNTSON (Leader of the Opposition): — Mr. Minister, are you aware of the recent technological breakthroughs in Australia and the successes they're having in development of grain alcohol?

MR. MESSER: — No, I personally am not.

MR. BERNTSON: — I wonder if you would think a little beyond that \$25,000 you have so

generously committed to this type of research and maybe you and I could take a trip over there to look into it.

MR. MESSER: — Yes, I'll take that under active advisement. Sounds like it may be very productive.

MR. LARTER: — Mr. Minister, if neither yourself nor the Leader of the Opposition could go, I might be able to fill in.

I would like to talk a little bit about the Hatton gas fields, but because I have touched on Bill 47, I would like to ask you, have you ironed out the problems on regulations (as I stated before, a bookkeeper's nightmare), especially for the small oil companies now looking after the individual wells?

MR. MESSER: — The answer is yes. There is still hope that more improvement can be made so we can simplify the system. But the present system is working. It's not working without some frustration but the companies and the department I believe have excellent rapport in testing more simplistic means of making the system work. So this will be an onward-going activity.

MR. LARTER: — Mr. Minister, I asked you the other day if the Government of Saskatchewan still had the same policy regarding the capping of gas wells in Saskatchewan. We didn't get too deep into the discussion but I gather your policy hadn't changed. You answered no to the question on whether you changed policies. With geologists stating, contrary to what you are saying, that natural gas may not be quite as lucrative, certainly for natural gas in Saskatchewan . . . Certain geologists state that in this area of Saskatchewan, with the proper exploration, there could be more natural gas uncovered. Certainly, keeping these wells capped, and not permitting Saskatchewan produced oil and gas into the pipelines, which are fully of Alberta gas, doesn't do anything to encourage them.

MR. MESSER: — I indicated to the member there had been no change in the past policy. It is indeed present policy. But there is consideration being given to modifying or altering the present proposal. The change, if it came about, would be one where we would see accelerated activity as far as gas development in Saskatchewan is concerned. But that policy has not been refined to the point where it can be considered by either myself or the Executive Council. It is based on the premise and the assumption, like the member's, that given new finds in the province of Alberta (a short while ago there was an attitude that there was not that volume of gas there) it might be applicable to the province of Saskatchewan. Therefore, we should be giving some consideration to it.

MR. LARTER: — Mr. Minister, our Saskatchewan producers (what gas they do sell and you mentioned we are buying about 70 per cent of our gas from Alberta) are, as you well know, being discriminated against as far as price is concerned. I think they range something like from 40 cents to 70 cents per 1,000 cubic feet on the gas they sell to SPC or the Saskatchewan government. Yet the price you pay at the Alberta border is much higher. Do you not see an unfair situation there for our Saskatchewan producers? In some cases, the gas we have is anywhere from 900 BTUs to 1, 150 BTUs and you are using this to dilute Alberta gas. Do you not see this as unfair for the price

you are paying the Saskatchewan producer?

MR. MESSER: — Mr. Chairman, I think one has to keep in mind whether you see it as being unfair in the short haul or the long haul. Our strategy has been, and is yet, that we will try to retain a significant portion of Saskatchewan gas reserves to give security for as long a period as possible to Saskatchewan consumers so we have 30 per cent to 35 per cent of the required gas consumed by Saskatchewan people in Saskatchewan. If we accelerate that, then we're going to see the reserve deplete much quicker. Granted, we may accelerate our exploration and ultimate discovery of yet larger reserves of gas. Even under the most optimistic assumptions, we will be a very modest producer by comparison to Alberta.

Once we exhaust that Saskatchewan supply of gas, we're left totally vulnerable for the import of gas from Alberta. The costs are going to be even more dramatic. We not are subsidizing the Saskatchewan consumer by incorporating and blending Saskatchewan gas. If that is a hardship on the producers because the price is less than the price received in Saskatchewan, then I don't argue with the member's premise. I do believe the Saskatchewan producers are receiving an income for the gas they are producing. It does not leave them in a deficit position. They would very much like to have more attractive prices but we think that will jeopardize the kind of security we think we should have for Saskatchewan.

MR. LARTER: — Mr. Minister, in spite of the low price for the Saskatchewan producers, their main objective is to sell gas to you and of course you're not buying it. They feel not being able to sell gas to the system certainly doesn't give them an incentive to drill for more gas wells. I am very pleased to hear you say tough you're going to step up your search for gas in that area. Geologists also will tell you without hesitation that our success rate is exactly in ratio of what we drill. It runs about the same ratio as Alberta. There's not too much difference as far as the number of wells we drill.

MR. BERNTSON: — Mr. Chairman, the only reason I let you off that grain alcohol thing is I thought you were sending one of your officials out to buy that ticket. While I was out I understand you indicated there was \$25,000 set aside by your department for grain alcohol research. Was that government in total?

MR. MESSER: — It was government in total for that specific undertaking.

MR. BERNTSON: — O.K. I wonder how the government can justify that as being a proper amount of enough for this kind of research in light of the fact we all know the processing of grain alcohol will give you about two and one-half gallons of grain alcohol per bushel of wheat. That in itself is not enough to justify it but we have (aside from the two and one-half gallons of grain alcohol) about 20 pounds of protein and about 40 pounds of starch. We could stick the protein on a boxcar and cut our transportation problems by about two-thirds for getting this raw protein to export positions. This is certainly a spin-off advantage. The other spin-off advantage is the whole matter of the starch that can be used as feed stock for a petrochemical industry. In southeastern Saskatchewan we have many natural advantages for a petrochemical industry, including coal and oil and gas and water, all that's needed for such an industry. We have natural access to many of the major markets in the world.

And all the spin-offs from this for beautiful agriculturally oriented Saskatchewan should also be taken into consideration when we're looking into research as it relates to grain alcohol. Another big plus is that in a year like last year when we had an inordinate

amount of distressed grains, frozen, immature and droughted grain, alcohol doesn't care what kind of grain it comes from so these lower grade grains can be used in the processing of this sort. You still have the protein. You still have the starch. Our quality grains or quality wheat can be used for bread, wheat and flour, etc. I wonder if the minister will not agree that \$25,000 really is peanuts if you consider all the value of other industries that could spin off from this, the advantages as it relates to our burdened transportation and advantages to agriculture. Heaven knows we need a few at this particular time.

MR. MESSER: — Well, we agree with the maximum processing of our agricultural products. Maybe at some time we will be able to take advantage of gasohol, but current data (and it goes almost undisputed) indicates your cost is going to be \$1.50 a gallon for your product. Now I know there are a lot of spin-offs. They look attractive but in most instances the spin-offs are not movable and . . . (inaudible interjection) . . . Well, there's not just the protein; there are other spin-offs we have to move as well.

A couple of years ago my colleague, Mr. Vickar, had the Department of Industry and Commerce do some very extensive and costly research and study into the whole fermentation process which is part and parcel of what we are talking about here. The net results of that showed it was just so far away from being economical at this time that it wasn't feasible to move.

Now we are talking about gasohol. It seems to be the current rage. We say we've got moneys available from several sources to pursue that. We've talked to the POS (protein, oil and starches) operations in Saskatoon. We've talked to farm organizations like the wheat pool, hoping we can put some proposal together that may work for some further research right here in the province of Saskatchewan. We don't think we should just charge off with something when we are not feeling very comfortable about it.

Quite frankly, we would like to have somebody outside the government participating as well so we can distribute the information; so we can better educate farmers as to what the whole gasohol process is going to achieve and what the implications of it are. We are not reneging in any way. We have tried to convey widely that we've got money for this kind of research. If the member knows of someone who wants to present a proposal that is credible to the government, it would be given serious consideration. If it is credible I would suggest it is not unlikely that we would direct some significant expenditures toward carrying out research.

MR. LARTER: — Mr. Minister, I wonder if you have done any more research or have you worked any closer with North Dakota on this coal gasification? What has taken place in the last year in this area?

MR. MESSER: — The Department of Mineral Resources has not had anything to do with a coal gasification project in concert with North Dakota. Perhaps the member can offer some more information so I might be able to respond.

MR. LARTER: — Mr. Minister, I should be asking you with your SPC hat on, I guess, maybe you could help me a little better.

Can the member tell us where this rumor took hold in the Estevan area about coal liquefaction? Do you know anything about that? This appeared in the newspapers in that area.

MR. MESSER: — We made no to-do about any liquefaction plant in the last campaign. I ask the member to bring forward either printed media or tape where I had indicated there was going to be a liquefaction plant in the province of Saskatchewan. It was non-existent in the last election platform. It wasn't required and there is no evidence to indicate that anybody was talking about one.

The member raised the question of gasification and the inquiry which was made. I believe it's now six weeks or two months ago. When we chased that inquiry down we found it came from a third or fourth party who had heard that a large concern which was purported to have some knowledge and some expertise in gasifying or liquefaction was interested in pursuing the likelihood of such a plant in Saskatchewan. When the press inquired of me concerning this I said I had no contact at the ministerial level and I was not aware of any discussion at the deputy ministerial level, but there might have been a contact with some official in the department, which there was. I reported back to the press as soon as I had investigated the inquiry which was about a week or ten days later and it showed that it was indeed not significant. We did not instigate any such discussion.

MR. LARTER: — Mr. Minister, can you tell us what has happened as far as coal exports from the Estevan area are concerned to Ontario and to Manitoba during this past year and what our forecasts are for the future?

MR. MESSER: — The likelihood of coal export to Manitoba and Ontario is not very optimistic. The member is well aware of the emphasis and the priority being pursued by Manitoba to develop hydro power rather than the other sources of power; and Ontario because of what might be a short-term or medium-term surplus of power, is not now as interested as they were a couple of years ago in thermal generation. So the export of coal is not a high or significant possibility at this time.

MR. P. ROUSSEAU (Regina South): — Mr. Minister, I'd just like to ask something different and it relates to Petro-Can, a question that's becoming more and more of a concern to a lot of people in the province. As a self-proclaimed and so-called defence of our resources, as you attempted to indicate a little earlier, I presume you would include in these resources our human resources, for example our co-ops. Just about a year ago now the Attorney General in this Assembly stated, and I quote from Hansard, 'the co-operatives were structured as a defence against private enterprise'. Mr. Minister, do you agree with that philosophy? Do you agree that co-operatives are . . . or are co-operatives a free enterprise system?

MR. MESSER: — Well, I kind of lost the drift of the member's question there and I don't know what the relevance is to DMR estimates. We've had some discussion with co-ops if it's relevant, about the role they may play in enhancing energy activities in the province of Saskatchewan. Those are ongoing. They have not come to any conclusion but they have in the recent past indicated interest that there is a role for them which they perhaps have not been taking advantage of in the whole energy sector.

MR. ROUSSEAU: — Well, you did a good job of evading my question. Let me rephrase it and ask you again. Do you agree with the Attorney General's statement made in the House last year, that co-operatives were structured as a defence against free enterprise or do you believe them to be a free enterprise system?

MR. MESSER: — Mr. Chairman, I believe very much in co-operatives. I'm a member and supporter of co-operatives. To go beyond that is not relevant to the Department of

Mineral Resources estimates. The Attorney General can speak for himself. On a proper occasion I'll speak in defence of co-ops, but I don't believe this is either the time or the place.

MR. ROUSSEAU: — Since the Minister won't answer the question, I'll pass on. I think he's just a little afraid to answer that question and afraid he's going to get himself into a little bit of a problem by answering it.

I'd just like to ask you a question on the estimates. I notice in the public accounts of this year you show \$139 million in revenue in potash. Can you tell me why, and yet at that time you'd have a pretty good idea of what your revenues would be, you only estimated \$112 million in revenues at that time?

MR. MESSER: — I don't think it should come as a surprise but the department was not able to estimate the very significant price increases that potash enjoyed. That was not predictable not only by the Department of Mineral Resources, it was not foreseen by many, if any, of the potash companies. Some of them were betting on significant price increases but not to the extent that actually took place.

MR. ROUSSEAU: — Mr. Minister, I'm referring to the year '78-'79 which ended in April of 1979. You showed, for the sake of round figures, \$140 million in revenue. That was factual and actual. However, at that time for the year '79-'80, did I say estimated, I meant you actually received \$140 million. For the following year you estimated far less, down to just about \$113 million. Why would you come down in your estimate from your actual from the year before, which has actually nothing to do with the increase in price because you're doing it the other way?

MR. MESSER: — That money came about by the payment of debts owing to the province that we were not able to collect at that time. PCS bought companies that in effect owed almost \$40 million. The conditions and terms of the sale were that the companies would pay all moneys due and owing to the province of Saskatchewan.

The Department of Mineral Resources did not see it within their ability to assume whether or not such transactions may take place, whether or not such arrangements of repayment would be reached. So there was voluntary payment to the department. That \$40 million was almost in total outstanding moneys owing from previous years by the companies which had chosen not to pay those moneys to the province until PCS bought their companies. They then agreed that all outstanding debts would be cleared with the government.

MR. ROUSSEAU: — It's actually \$27 million. When did you receive it?

MR. MESSER: — We received it in '78-'79 year, if you're showing the \$140 million in revenues. That's why it gives a distorted figure '78-'79, \$140 million to '79-'80, \$113 million because there are no outstanding moneys coming in.

MR. ROUSSEAU: — And for that year you had . . . oh, that's the reason . . . You had estimated \$108 million the year before. So the difference between that and \$140 (million) then, would be what was owed from previous years to 1978 and 1979.

MR. MESSER: — That's right.

MR. LARTER: — Mr. Minister, I would like to take just a view of the uranium industry as it

affects Saskatchewan at the present time. I would like to state again that we feel public sector money shouldn't be involved in the uranium industry, a high-risk area. I mention high risk because the Premier, the Attorney General and you attended the same Financial Post seminary in Saskatoon, in which speaker after speaker stood up and gave us the doom and gloom of declining uranium markets, yellow cake markets, during the '80s. They recited as proof that the production of Australian uranium, which is coming on stream in 1984-85 would almost be what the world demand is for uranium at the present time. Without exception they all forecast soft markets for uranium. Yet with taxpayers' dollars, the Government of Saskatchewan still made the choice to get involved deeper and deeper in the uranium industry. We say it is a high-risk area because of the soft markets. I think this is being borne out every day.

Here is my question to you. Isn't the basic reason you are forced to continue on your goal the fact that you have something over \$300 million of taxpayers' money involved; there's absolutely no way out of it; you can't back out of this venture you are now engaged in?

MR. MESSER: — Mr. Chairman, the conference the member makes reference to was indeed a very successful one. It has contributed significantly to enhancing and enlarging the resource activities in Saskatchewan. I don't think there was a private sector utterance at that conference which was negative in light of Saskatchewan's resource development policies. I think that says a lot for the province of Saskatchewan. In many instances they are exploring and developing in their own right. In many instances they are exploring and developing jointly with the province, not only in uranium. This is a very significant achievement for the province in a few short years.

We did not at any time say the price of uranium was going to go anywhere but up. We predicted there was going to be a softening in the mid-1980s. We based our development patterns on that presumption. We also indicated to the private sector companies and to the Saskatchewan Mining Development Corporation that because of this we were going to enforce a staging of uranium mining operations in Saskatchewan so we did not have a glut of uranium mining activity right at the time when the market was somewhat softer than it was previously.

We know that softening is a very strong likelihood but those who are knowledgeable in the marketing of uranium suggest there will again be a strengthening in the late '80s and the early '90s. We have consistently said the investment in this resource and the development of this resource is not for the short term but the long term. I only hope the member is still, not necessarily a representative in this legislature, but a citizen of the province of Saskatchewan to enjoy those very significant rewards which uranium will be providing to its residents in the late '80s and the early '90s.

MR. LARTER: — Mr. Minister, my deskmate says I would be in a nursing home by that time. I just hope Saskatchewan can afford these nursing homes so I can be in one.

Mr. Minister, either you or the Premier stated at the seminar that we were going to have a staging of development in the uranium industry. I would say there is more than one thing involved here. It would affect the price, there's no two ways about it, if you were gung ho. I can appreciate you saying you were going to stage it so you don't have the boom and bust economy of developing the uranium industry. But I would suggest to you that probably one of the main reasons — the two main reasons — were not only the price but also the fact that you are partners with 245 private sector firms in northern Saskatchewan. I would suggest that the taxpayers of Saskatchewan would be upset if

you were to become full partners with these fellows in the developing of uranium mines all to come on stream during the '80s. Certainly, you do have very good reasons to state your development.

I would like to check you on something you said: that industry extolled the virtues of being partners (not in those words) with the government, or they didn't mind you being around. But I can tell you that I talked to many of the industry people and they are doing business in Saskatchewan in spite of your partnership. The only way they can stay here is to be a partner with you. Naturally, they're not going to tell you anything. They're not going to tell you they mind being a partner with you. But I'm telling you they'd sooner be developing on their own.

MR. MESSER: — I can tell the member there are a number of companies present in the province of Saskatchewan which are also present in the province of British Columbia which state very frankly they would much rather do business in the province of Saskatchewan where they have assurance and know where they're going vis-a-vis the attitude of British Columbia where they have been enticed to spend significant moneys on exploration and then before the government even has the benefit of a report, they establish a moratorium, for no good purpose, on all uranium related activities. He may say that the industry is here in spite of the New Democratic Government in Saskatchewan, but I suggest to him that there is a very congenial working relationship. They have found out through experience there is much greater security and much better understanding of just what their companies will be obliged to do in the development of resources in this province than there is in most other jurisdictions where they are involved.

I want to just bring to the member's attention a newspaper clipping from the Globe and Mail report on business dated March 17 of this year. The entitled article says Steady Demand for Survey of Uranium in 110 Countries. A research group by the name of Robertson Research Canada Ltd. Of Calgary published four volumes of information concerning uranium demand and their conclusion is that there is going to be a steady growth and a steady demand for uranium in the world. If the member is not satisfied with the basis of this newspaper item, he can buy the four volumes which I'm told sell for \$9,900 so that he and his advisors and caucus can become much better informed on the potential for uranium in the world in the future.

MR. ANDREW: — Earlier in the year, Mr. Grant Mitchell from the Executive Council in press statements indicated that the Government of Saskatchewan could anticipate as much as \$2 billion from uranium royalties in the 1980s. Now, the first-year value shows \$6 million so you have a long way to go if you're going to meet Mr. Mitchell's projections on this. As well, during question period earlier in the session, we questioned the Premier with regard to market studies available to the government. You refer to one there. His answer was that the market studies were advanced at the Bayda inquiry and that they were clearly there and they showed the projections. Does the Government of Saskatchewan have market studies with regard to the uranium market which are more recent than the ones advanced at the Bayda hearings?

MR. MESSER: — The Department of Mineral Resources has not done current studies but I'm sure Saskatchewan Mining Development Corporation is constantly monitoring the uranium market and also informations that will give them some knowledge of what the expected price of uranium is going to be in the medium and long-term future. The member relates to a statement that is reported to have come from Mr. Grant Mitchell of

the Executive Council. I know nothing, Mr. Chairman, of that statement. We have not (I, as minister, or the departments) indicated what the royalty take may be from the development of uranium in the mid or latter part of the 1980s. If the member wishes to pursue it further, I am sure he will find adequate opportunity when the Premier does Executive Council, and he can question whether or not Mr. Mitchell's remarks were accurate.

MR. ANDREW: — Mr. Minister, could you provide the House, without being specific on your projected revenues from uranium in the decade of the '80s . . . Do you have a bottom figure and a top figure or range which you are projecting at this point in time for the 1980s for uranium royalties?

MR. MESSER: — I've said the department does not have any studies. If it did have studies, it would not be prepared to table them in the legislature because I think it would be very much confidential information in respect of what the production strategies may be, which would be very useful information to competitors, in staging the development, we do know that during the 1980s there is a likelihood that 20 million pounds of uranium could be produced on an annual basis. The member can use whatever per pound prices he wants to in relation to that production and ultimate sale, and he can apply our royalty formula and come out with his own figures. We don't believe we should be attempting to convey, at this time, what we think the revenues will be in 1986 or '87 or '88. We will plan production as best we can. It will be tailored to what we think the demand will be globally for uranium, so that we're not encouraging or participating in production of a product which is not going to have a market. We know there will be a fluctuation of a product which is not going to have a market. We know there will be a fluctuation in prices during that period of time. In considering those fluctuations, we still believe that the investment will be a credible and an economic one for the participants and that the royalties to the province will be adequate, attractive and increasing significantly.

MR. ANDREW: — You talk, Mr. Minister, of planning production, which I would assume was in the area you wish not to talk about, in the SMDC and the other companies, as opposed to mineral resources which surely simply takes the royalty from it. Would the minister not agree the market for uranium has dipped sharply over the last year, or perhaps two years?

MR. MESSER: — I would not suggest that it has dipped sharply. The fluctuation in the market has not been a surprise to the Government of Saskatchewan. The member can ask directly the minister responsible for SMDC, but having been chairperson of that board I can assure him the market fluctuation does not come as a surprise to SMDC either. It was predicted.

MR. ANDREW: — You say it was predicted. The reference you made to the Toronto Globe and Mail, I wonder if perhaps closer to home the reference to the recent Leader Post of February 18, 1980 which indicates a sharp decrease in the demand for uranium in the United States. I believe the projections of even less than a year ago, even up to a year ago, was to bring on stream up to 10 to 15 reactors in the United States in the 1980s. That has since dropped, and is perhaps down as low as one reactor. The projections in that press statement were that the market is in fact dipping very badly and that Canada will be one of the countries to suffer from it, in view of the increased production both in South Africa and in Australia.

MR. MESSER: — Mr. Chairman, let me say that what the member alludes to, I believe, are short-term depressions. Uranium is by and large sold on long-term contracts,

almost without exception very long-term contracts. We did not nor do we look to the U.S. as a significant purchaser of our production. The member just has to look at the make-up of Amok, the next likely mine to come on stream, and most of that production is already committed. It goes to France and Germany to fuel their own reactors. Indeed, the major partner in the Key Lake development, Uranerz, also has need for the product and that again is in a committed jurisdiction, so we're not developing these mines without any market for uranium when it comes on production. A good percentage of that production has already been committed, and there is activity in the respective countries or by the respective companies, to have that fuel in order to fuel their reactors.

MR. ANDREW: — Are you indicating to me, Mr. Minister, that the long-term contracts are in fact in place for the Key Lake Mining Company and Uranerz is going to take that production?

MR. MESSER: — Uranerz is in need of fuel for its own operations, and it therefore follows that a significant portion of their production will go to facilities where they are already obliged to deliver fuel. There is no precise contract between the government and ourselves or SMDC, and the member might ask SMDC for more detailed information in that respect. It should not come as news to him that as far as the partners in Amok are concerned, and the partners in Key Lake are concerned. They have committed certain volumes of product on certain dates, and that will be a significant percentage of those two mines' production.

MR. ANDREW: — But you indicate that Key Lake has in fact long-term contracts, I take it, and that they are going to take the bulk of the production from that mine, let's say in the next decade.

MR. MESSER: — No, that's not what I am saying. I am saying that the partners, the major partners in the Key Lake development, have committed delivery of uranium, and if they are going to meet that delivery there is going to have to be production from Key Lake in order to meet it.

MR. ANDREW: — In other words, they are basically telling you there is a market for the product which you are producing at Key Lake, and there is a commitment that they will take a certain amount of that production in the next ten years. Is that what you are saying?

MR. MESSER: — Well, they are saying there is a market, and if they don't get it from Key Lake they are going to have to get it from other jurisdiction. We are not going to get ourselves involved in that to the extent we are committed with Key Lake, because the Key Lake project is not by and large committed by the government yet. We have an inquiry under way. Our partners have taken the risk that project will come on stream. If it doesn't, they will either be deficient in providing fuel, or they will buy it from a stockpile somewhere if that's possible, so in general there is opportunity from our partners to move product. There will be a percentage of that production which will not have to be sold if and when Key Lake goes into production.

MR. ANDREW: — But originally you had indicated, Mr. Minister, that for these mines to develop they, as a rule, would enter into long-term contracts. My understanding is that the Key Lake mine has no long-term contract and in fact has no contract at all. It seems to me what you are referring to is a commitment to move product. That is what you are basing the whole development on, a commitment to move product rather than on the

long-term contract you referred to before with the other mining companies.

MR. MESSER: — I did not suggest they had contracts. I said they had markets for the uranium. I think it would be unlikely, it certainly would be unwise, if Uranerz are signing contracts which specifically define products coming from Key Lake because there is no guarantee Key Lake is going to produce any uranium. I suspect they are very optimistic about the likelihood of Key Lake coming on stream, but I don't want the member to put words in my mouth that either Uranerz and-or Saskatchewan Mining Development Corporation indeed have contracts to sell uranium from that mine on a long-term basis. I know that not to be the case. It would be better, Mr. Chairman, to pursue that in SMDC, because the Department of Mineral Resources does not have a direct involvement with the sale of uranium or with the contractual arrangements which producers may make or have in the province of Saskatchewan with their customers.

MR. ANDREW: — You're obviously familiar with those, Mr. Minister. You were the one who made reference to the planed production. You were the one who made reference to the requirement of a mine, when it is developed to have long-term contracts. Are you aware of long-term contracts which are in fact in place, as it relates to Amok?

MR. MESSER: — Amok is not dissimilar to Key Lake. They have a placement of uranium, of fuel and if Amok comes on stream that product will satisfy their placement. I do not know of any specific contracts in that respect. Certainly, the Department of Mineral Resources has not been party or parcel to any of those contracts if indeed there are any.

MR. P. PREBBLE (Saskatoon-Sutherland): — Mr. Chairman, I'd like to make a few comments with regard to this first estimate. First of all, I'd like to congratulate the minister on the expansion in funding to the office of energy conservation in this year's budget, and on the decision to increase the number of conservation demonstration homes in the province and particularly in the city of Saskatoon. I'd also like to congratulate the minister for his continued leadership in the potash industry in this province. I think the benefits of that are continued leadership in the potash industry in this province. I think the benefits of that are clearly coming to bear with the announcement that for the 1979 calendar year the profits of the potash corporation had exceeded \$70 million.

I'd like to turn now to take a somewhat different approach from the members opposite with respect to the analysis and debate around the uranium issue that's taking place here this afternoon and this evening. I would first like to say I'd like to focus specifically on the matter of proliferation. Without wanting to duplicate the debate we had here in the House last year, or the comments I made, I would like to make reference to a few more recent events which I think would lead us once again to conclude that the decision of the Department of Mineral Resources and the government to pursue an investment in uranium is unwise and in fact the policy of the opposition with respect to uranium development is also unwise.

I heard the member for Moosomin state very clearly a few days ago in this legislature the position of the Conservative Party is that they do not support public investment in the uranium industry, but they are quite satisfied to see a continued expansion of private investment. I think this should very clearly say to anyone who has concerns and questions the continued development of uranium in this province and the continued expansions of the industry, that in fact the Conservative Part is even further away from expressing concerns with respect to the hazards associated with the industry, given that they are prepared to simply leave it to private enterprise to develop. Now if they would like to clarify my remarks in some way or add to them, they are most welcome to

do so. But I think the record will clearly show that the member for Moosomin enunciated the position of the Conservative Party as being one of favoring the expansion of the uranium industry by the private sector. I think that's most unfortunate . . . (inaudible interjection) . . . The member for Rosthern asked me where he said it and I believe he said it in the debate on the Department of Northern Saskatchewan estimates.

MR. LARTER: — That's not all he said on that one.

MR. PREBBLE: — I'd like to say no, Mr. Chairman, that I think the evidence . . . surely the most important concern and the aspect of the uranium issue, which this House must monitor most carefully, and an aspect that I have heard little comment on this evening, is the question of proliferation. I think that very clearly in the last year the international field conference, which was a conference where some 65 countries led by the United States, pointed very clearly to the fact that the continued expansion of the nuclear industry around the world and sales of uranium associated with that expansion were inevitably leading to increased nuclear proliferation in the world. This of course had been pointed out earlier by both the Fox inquiry in Australia and the Flowers inquiry in Britain. But I think it's been borne out very clearly in the last month with respect to the countries that Canada has been selling uranium and reactors to. The House will recall that sales of CANDU reactors in the past five or six years have been made to India, to Taiwan, to Pakistan, to South Korea, and to Argentina. What's significant is that sales of uranium were also made to Taiwan, to Pakistan, and South Korea. I think that therefore we cannot avoid the responsibility which comes with the realization that each one of the countries I've just made reference to has either developed nuclear weapons through the use of so-called nuclear facilities or is only within weeks or months of developing those weapon systems.

So we're now faced with the situation in the world where Canada has, as part of its nuclear trading policy both with respect to uranium and nuclear reactors, been party to an increase, a spread, of nuclear proliferation in the world. I think this is clearly the most serious problem which the nuclear industry poses and it's clearly the most serious reason why Saskatchewan should withhold further sales of uranium to the world market until some kind of meaningful international safeguards are in place to ensure that diversions of uranium and nuclear reactors for military purposes will not take place.

The only other comment I would like to make with respect to uranium is that I think we have evidence within the last year that also points to the increasing problems nuclear waste, both in terms of uranium pilings at the mine site and in terms of uranium waste when they come out of the nuclear reactor, are going to pose to Canadians and to the international community in the future. I think this last year has brought forward more evidence with respect to the nuclear waste disaster in the Soviet Union.

We now know almost for certain that the inability to properly dispose of nuclear wastes in the Ural Mountains in the 1950s led to a very serious accident in the Soviet Union in which hundreds of square miles of territory were badly contaminated; where many communities had to be moved as a result of that contamination; and in which many people were either killed or injured . . . (inaudible interjection) . . . Several hundreds.

I should say, Mr. Chairman, that I feel that while we have a great many more ideas about how to dispose of nuclear wastes since that accident took place, we've made little progress since that accident with respect to putting in place a technology to assure us

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that nuclear wastes can be disposed of safely in the long term. We are making little headway on this matter. There has been some headway in Germany but no assurance, absolutely no assurance at all, that there is a safe way of disposing of uranium waste when it comes out of the nuclear reactor in the future.

Since it is my view that we need to take responsibility for what happens to what we produce, I think that again it's unwise of the Department of Mineral Resources to be pursuing an expansion in uranium. It's unwise of SMDC to be pursuing that until that waste disposal problem is resolved. I should also point out with respect to waste disposal that I believe this government needs to give more attention to the possible problems that may be associated with the tailings dam failure.

In the event of such a failure we could be facing very serious radioactive contamination of water supplies below the tailings dam. We had a very serious tailings dam failure in New Mexico last year. I think the government needs to pay particular attention to assuring that such a failure does not happen in Saskatchewan. I believe we had a minor failure with respect to a tailings dam in 1975 or '76 up at Gulf (?) Lake.

In the last year we have seen New South Wales in Australia and several other communities in Australia declare themselves as nuclear free zones and place a ban on uranium mining. We have also seen the Government of Greenland decide they are not going to pursue a uranium mining policy. The member for Saskatoon Centre says, hear, hear, for Greenland. I agree with him.

We've also of course had the example set by British Columbia with I think a more responsible policy with respect to uranium mining and exploration in declaring a seven-year moratorium. Clearly that decision was made in large part for political purposes in light of opposition in the Okanogan Valley, but I see nothing wrong with that. It was a very informed opposition in the Okanogan Valley. I look forward to the day when we might pursue a similar policy here. I would say that with respect to the British Columbia decision, while it is clearly not of the same magnitude and clearly not in the same ball park as a result of the fact the uranium reserves are much smaller there, there was a very significant sale of uranium cancelled to South Korea by Norcen(?) Resources Company which was operating in British Columbia and by declaring this moratorium position the government of B.C. also give up the opportunity to uncover new uranium reserves as a result of exploration which might have taken place in that province.

I want to turn away from the uranium question now and make a few comments with respect to the staging of resource development in the province, both in terms of heavy oil and uranium. I think we have not pursued our staging policy aggressively or clearly enough. In Saskatoon at the present time we are suffering from some of the unfortunate effects of a boom economy which I think could be avoided by a more appropriate staging policy. More importantly, by attempting to diversify the impact of resource development all the activity does not become centre on Saskatoon and Prince Albert and La Ronge, but is diversified more to other communities in Saskatchewan.

I think we should not underestimate the diseconomies — social and economic costs — that come with allowing this kind of a resource boom to take place in the absence of a solid diversification policy. I think the lack of sufficient diversification with respect to resource policy and the communities which benefit from it is creating a number of serious problems in Saskatoon and in other communities. These, I think, could in part at

least be avoided and are going to negate in a great many ways the benefits which come from resource development.

I refer now to the tremendous costs ahead of us in terms of municipal infrastructure investment in cities such as Saskatoon. As a result of the very rapid growth that's coming about from the resource industry expansion in the city we've seen a tremendous escalation in land prices. Of course what this means for persons buying a home for the first time is that the cost has gone up by about 70 per cent in the last three years. Saskatoon now has the highest housing prices of any municipality in Saskatchewan or Manitoba.

Of course it means increasing social problems in the city. We've seen that in Saskatoon with an increase in the caseload at the Department of Social Services by approximately 30 per cent in the last year. We're seeing as a result of this resource boom escalating inflation rates in centres such as Saskatoon and La Ronge which are far higher than normal, meaning increased costs for residents in their day to day lives in those communities.

We're seeing a number of the other problems which unavoidably come with rapid growth, such as increases in traffic problems and insufficient time for carrying out proper planning in the municipality. I recall very vividly, Mr. Chairman, the comments made by the Saskatoon city commissioner early in 1979 when he noted that the pressures on Saskatoon from the rapid expansion in the resource industry are so great the city no longer has time to consider the notion of satellite communities in its expansion. It must simply move to more traditional ways of planning city expansion.

I do not think, Mr. Chairman, that we should underestimate the significance of these social and economic costs. Unless resource planning is more diversified and development is more staged these costs will offset many of the economic benefits which would otherwise come with this resource development.

The final comments I'd like to make are with respect to the conservation policy I would very much like to see this government pursuing over the course of the next year or so. I've noted already how pleased I am with the initiatives taken in the past few months and the expansion in the budget for the office of energy conservation. However, there are a number of structural changes with respect to energy conservation policy which I think need to be brought about. I renew my call at this time for the government to give less emphasis to the construction of new power plants in this province and to shift some of the money which would have gone into the Kofar (?) generating stations and other such energy generating projects, into a major investment in energy conservation in the province. I think there is clear evidence now, and the last year has made the evidence even more clear, with respect to opportunities which conservation provides both in terms of cost savings in investment and in terms of job creation. I would just like to make reference to two or three studies which emphasize this point.

First of all, last year in the summer, President Carter's council on environmental quality reported it had drawn from 44 recent technical studies and it concluded that predictions for the United States energy consumption by the year 2000 could be curbed by 30 per cent to 40 per cent using existing conservation and renewable energy technology. I think this clearly demonstrates that there is need for giving conservation a higher priority in all jurisdictions in North America.

A recent British study, energy options and employment, demonstrates that an

investment of \$54 billion put into energy conservation and renewable energy sources, would provide as much energy as could be generated by an investment of \$89 billion into nuclear power. We could say the same, I think, with respect to an investment in coal generating facilities or other electrical generating facilities. The investment in conservation provides both more jobs, in this case 1.5 million man-years of employment through the conservation renewal energy option, only 900,000 man-years of employment through the electric generating option. The Harvard Business School has made the same point, Mr. Chairman. The Harvard Business School, while certainly not putting aside nuclear energy development, in fact while calling for some expansion in nuclear energy, emphasizes that the major investment which the United States should make in the coming years is in energy conservation and emphasized again that such an investment is both cheaper and also more job creating. We have had studies by the office of energy conservation in Ottawa making the same point.

So, I would argue, Mr. Chairman, as a result of these studies there is increasing evidence to demonstrate that we should be giving less attention to investing in energy generating technology and more attention to investing in energy conservation policy, an investment which will have more diversified job creation impacts around the province and I think will be of more long-term benefit to Saskatchewan residents.

I would also like the minister to once again consider the proposal that I made, and which environmental and conservation groups have made, with respect to reversing the rate structure both for natural gas and for electricity, not across-the-board but rather a reversal within each rate category. In other words, a reversal for residential consumers so that as a residential consumer uses more energy beyond a certain point, he begins to pay more for it instead of less for it, as we have now, and the same within the industrial category. I am not suggesting that residential consumers should pay less than industry but what I am saying is that within the industrial consumers should pay less than industry but what I am saying is that within the industrial rate structure for both natural gas and electricity, industry beyond a certain point should be paying more as it uses more rather than paying less as it uses more.

I would like to also see the government take a number of other initiatives with respect to energy conservation. I think these should include a tax rebate for insulation expenses, both for residential consumers and for business in this province. I think in addition to that it's important at this point in time that Saskatchewan provide some leadership in the insulation field, in the conservation field, by adopting a building code for insulation standards.

Right now it's my understanding with respect to the building code for buildings put up outside of CMHC, there are no standards with respect to levels of insulation required. I think given the current energy crisis, it is high time we began constructing buildings which are energy conserving rather than constructing buildings which are going to use large amounts of electricity and natural gas in the future.

I would like to urge the government to follow the example of Brampton, Ontario. Brampton has taken the wise step of adopting subdivision plans that require all houses within the subdivision to be laid out in such a way that they are south-facing so they take advantage of the natural passive solar energy that comes with having your house properly oriented. There's no reason at all in Saskatoon right now or in Regina why houses have to be built in such a way that they are oriented either to the north or the east or the west so they don't take maximum advantage of passive solar energy. Savings in this area could be 5 per cent to 10 per cent if such a conservation policy was adopted.

I'd like to say, Mr. Chairman, I think the Government of Saskatchewan should be encouraging all municipalities to adopt this kind of an energy conserving subdivision plan. In addition, I would very much like to see the government look at providing some financial incentives to business and industry in this province to expand energy conservation activities by these businesses.

I'm delighted the minister has instituted an industrial conservation audit. I think the results of that audit are showing energy savings on an average of 20 per cent per business surveyed. It seems to me those kinds of savings clearly indicate it would be to our advantage to establish some incentive programs to encourage businesses in Saskatchewan to begin to implement policies which would lead to the 20 per cent energy savings identified.

I would like to close, Mr. Chairman, by saying I think there is very substantial opportunity in Saskatchewan to develop some new spin-off industries as a result of initiating these new energy conservation policies. This would include the new manufacturing activities such as the manufacturing of attic hatches, energy conserving window shutters, heat exchangers, solar control panels and a whole host of other energy conserving devices. I think the benefits in terms of jobs from this kind of policy would be clear.

Finally I would like to say that we have had some debate with respect to biomass and research in the biomass solar energy field in this province. I think it's terribly important that Saskatchewan take increasing initiatives with respect to research in the renewable energy field because much of the application must be done locally. We have to make sure we adapt renewable technologies to local climatic conditions and not simply depend on research being done elsewhere in North America, assuming that we can then apply the results of that research automatically here in Saskatchewan. There is a need, a very great need, for local research as well. I do hope the minister will encourage that research in future years.

Thank you, Mr. Chairman.

SOME HON. MEMBERS: Hear, hear!

MR. MESSER: — Mr. Chairman, I very humbly accept all the compliments the member for Saskatoon-Sutherland has directed to the department. I, however, did detect an area or two where there was some modest disagreement, that being primarily in the uranium development sector. His views are not new to me, certainly not new to the Legislative Assembly or to the Saskatchewan community. They spring mainly from the concern of proliferation and the storage of waste. These concerns are not new to the government, to the Department of Mineral Resources. We are also very much aware of the circumstances in both of those areas.

We have recommended and continued to pursue even better proliferation agreements or treaties or understandings with those persons who may buy nuclear fuel from Canada and fuel their reactors with it to give us some safeguard that proliferation is not an ultimate objective of theirs. We believe the storage of waste is a problem that now has been addressed and can adequately be contended with. That's not to say there isn't need for ongoing research and improvement.

We think it's only reasonable for a government that is credible to have to make

decisions, given certain circumstances to work with, and certain information in respect to those circumstances. We think we have satisfactory knowledge now to be able to feel confident we are not in any way contributing to ongoing dangers and concerns with the expanded mining of uranium in the province of Saskatchewan.

I know the member for Saskatoon-Sutherland will likely continue to pursue a somewhat different motive and objective in that respect. The government has done all it can to review all of those circumstances, inform itself as significantly as possible and then make the decision whether to develop on an expanded basis or not. We have obviously made our choice; we think we can defend that choice. We do indeed defend it.

I do, though, sincerely appreciate the comments from the member in respect to conservation and the escalated effort from the office of energy conservation in respect to activities in that area. I think in the short time we have had an office of energy conservation and a desire to develop renewable resources in Saskatchewan that we have made some very significant progress.

This year's budget and pronouncement show that is likely just a beginning and there will be some very significant activity, not only in the area of research, but in real development as well. We hope we can achieve some of those objectives in both conservation and renewable energy which will give us some greater stability and assurance than we have had in the past, being totally dependent on non-renewable resources.

MR. R. KATZMAN (Rosthern): — Mr. Chairman, I hope I am given the same latitude as the last speaker.

MR. CHAIRMAN: — Order. As long as you stay within the rules of the House, you will be given the same latitude as any speaker.

MR. R. KATZMAN: — Mr. Chairman, during the previous speaker's comments he made comments about waste management and the uranium industry. The minister responded with credibility. Well, that's the one thing the NDP government does not have in the uranium industry. The minister talks about credibility. Your government was offered the opportunity to appoint somebody on the Warman inquiry. Where was your credibility when you refused to appoint somebody to do something within the province of Saskatchewan? You were playing politics. You weren't willing to put one of your representatives on the Warman refinery hearing, because you wanted to be able to say the opposite of whatever the hearings brought down. Where was your government with its presentation? I didn't hear a government presentation. I heard Mr. Prebble's presentation there. I was there. Where were you?

It's interesting to note the mineral resources division is responsible when there is land available for minerals and people want to buy the rights to either mine it, drill it or whatever, depending on what minerals are there. You rave in this House about how much money you got in a sale here or a sale there. But you don't tell us about what problems we're going to have down the road, what environmental messes we're going to have to clean up, who's going to pay for them, what the health dangers to the citizens of Saskatchewan are, what the pollution problems are within the underground stream (which the Warman refinery would be concerned with), what the pollution factors would be on the South Saskatchewan River if Eldorado were allowed to do as it suggested in its brief. You weren't there making comments. I remember a federal department was there and made some comments. There was a different government

department there making some comments on environmental issues. Not your department, Mr. Minister, and yet you receive a lot of revenue by allowing these corporations in. I don't know if it was your corporation. I know it was the same minister involved, in many cases, in draining lakes and ignoring environment recommendations. Where was your government there?

Now, waste management is one of the key issues in the uranium industry. You know, Mr. Minister, and most people who watch the industry know there is discussion in the world suggesting he who mines the product, whichever country the product comes from, will have to in the end accept the waste. That gives the possibility Saskatchewan will welcome the dumping ground of the world for spent uranium. That's a fact. We're getting the benefits. I don't hear anything about a sinking fund to cover this problem through the years. We hear of all kinds of research in northern Ontario, drilling into rock and so on to see if they can find a proper bed to implant the spent uranium. Eldorado in Port Hope is refining and may have to take back in later years. Mr. Minister, with the way things are going, we may become the dumping ground for PCBs as well, as you are aware from a recommendation. Saskatchewan is going to become a dumping ground for everything, the way your government's going.

You people want to control. It's interesting to note the previous speaker made comments about staged resource development. Why, he missed one line in that comment. He should have said government total control, and we tell you when to get up, when to go to bed, and what you do all the time in-between. That's the way your government thinks. Now, staging policy he comments about, and your Premier has made comments about staging policy he comments about, and your Premier has made comments about staging policies. Staging policies for what? How is it controlled? Once again, are we going to be in the situation of saying fellows, if you want to work in this province we not only want to be your partners, we not only want the right to — you've got to buy your minerals from us, we'll tell you when we've got enough money so we can be your partners, otherwise you've got to sit and wait for us. That's what you've been doing, Mr. Minister. You've been playing that game with SMDC. Your government has missed the boat. You've sold out for money. It's all bucks to you guys now. That's all you're worried about. You're not worried about environmental safety. You proved that when you allowed lakes to be drained. You're not worried about the Indian people, as you always indicate during certain areas because look at the percentage of them getting jobs at Cluff Lake. They say they're not trained. Well, there goes that argument. Where's your credibility, Mr. Minister? It's not there because you say one thing out of one side of your mouth and do the opposite at the same time. There's no credibility.

Waste management is going to be a problem forever as far as you and I, our grandchildren and our great-great-grandchildren are concerned (Lord willing that we have them). We are leaving a legacy to them where we live off the benefits and they pay the price. That's what your government is doing in the uranium issue; that's the way you're playing the game.

We're not looking at a close narrow issue. We're looking at issue that will affect us for thousands and thousands of years. And there is always the question — are today's benefits worth tomorrow's risks? That's what the Warman refinery was all about and the people of the area said no. You're very aware of how the people spoke out at that particular hearing. And as I said earlier, even your member for Saskatoon-Sutherland spoke out during the hearings in Saskatoon. It's interesting to note even some of your fellows in the political arena like CUPE (Canadian Union of Public Employees) spoke out because of environmental concerns and the concerns for individuals.

But let's talk about credibility and management waste. Is it there with your government? Can you be in bed with something and also be the referee? Because that's where you are. You're in bed with the industry. Then you tell them what the rules are. If they don't know what the rules are you're going to take the whole bed over. That's the way you guys operate. That's what you did in potash. You took the whole bed and shoved the second person out.

There have been some side comments which I will ignore. You know the minister who lost his budget speech gets back into the debate and the whole world knew about it before he told anybody. He shouldn't be talking because he has no credibility just like the rest of your government.

You know, Mr. Minister, most of the development in uranium is in the area of the minister responsible for letters, northern Saskatchewan. And credibility comes into it because you stand up and say on a platform, we know how to control the waste. But you've never told the citizens. When people speak out who are concerned about the wastes you say we know how to handle them. Nobody else in the uranium industry does. How do you? Are you going to be willing to tell people?

The member for Saskatoon-Sutherland stands up and speaks in this House on the uranium issue. Does he have all the information, all the facts? You're not willing to give us the facts. You're not willing to give us the information. You just tell us what you think we should now. You know, the member for Moosomin the other day made comments. How do you make decisions if you don't have the facts? That's basically what he said. You have to have facts to make decisions and, Mr. Minister, you don't have all the facts you pretend to have.

So let's get down to the bare-bones truth and admit it. You're going by the seat of your pants and you're flying out there for the big dollar. That's what you are doing. You're gambling by the seat of your pants the health, the prosperity of this province. I say prosperity because we may get a short-term prosperity from a growth market. But will the price down the road be too much to bear? Using the PCBs — they say it would have been 10 truck-loads a few years ago. Today it would be several hundred. But that's the point. Your credibility is not there, Mr. Minister. My first question to you is, you publicly have stated you have ability to control the waste (which nobody else has), now would you mind telling me how you are going to do that? Secondly, it looks like the original producer will be required to take back the spent uranium. We will be required to take back the spent uranium, so where do you plan to put it? You and I both know we'll get into an argument on this one any time you want but that's what is coming down the tube and that's what the international market is talking about — that he who mines it and produces it, since it comes from his source, may get it in the end. I want to make sure we are not the dumping grounds for the world because that's what you are getting us into if you would answer those two questions first.

MR. MESSER: — Well, Mr. Chairman, I don't know whether the member thinks he is addressing himself to environment estimates or northern Saskatchewan estimates, but he has stayed clear of mineral resources substantively in his comments. If he will look at the money, the budget for this fiscal year you'll notice, and I'm not here to speak for the Department of Environment, but we set up an environmental protection fund which is something in excess of \$2 million to continue research in the areas he has identified here. I suggest to the member that before he wanders around with the speech he has just given in this Legislative Assembly, that he establish some credibility by finding the

facts in relation to the matters which he wishes to talk about. I am sure that if he had some of those facts he would not suggest that this government has no credibility in the development of those resources.

He says we are flying by the seat of our pants and have no proper means of following a decision-making process and I challenge him on that. He looks at the manner which this government pursued prior to deciding on the expanded development of uranium mining. We indeed delayed any significant expansions so that we could get all of the facts and took some considerable time putting them together. We had lots of independent input in providing us with those facts. After appraising those facts, we made the decision to go ahead. By and large, no one has proven that there is a deficiency in the facts which we related or used as a basis for the decision-making process, not at that time nor at this time either.

Our staging policy, I believe, is working well and one only has to look at the activity in the resource development sector to show that we may have scared some people away, but that is not a large concern to us because we think that over the long haul we have to be responsible in the development of those resources and we are not just going to develop for the sake of developing.

He may want to leave the impression that we have done nothing in respect of our native people, our Indians. He puts his hands up (I don't know whether he ever has to go to northern Saskatchewan) but one has to only go to northern Saskatchewan to see some of the benefits which those native people have enjoyed in the last three or four years which they never had the opportunity or access to before. There are more jobs; we are not satisfied with the level of native employment but the minister is doing everything possible to try to encourage a climate which will allow them access to jobs in northern Saskatchewan. They have facilities they never dreamed of a few short years ago. There have been great strides made but I would be the first, as I think my colleagues would be, to admit that we are a long way away from being satisfied with the progress made. By comparison to other jurisdictions no one comes close to either committing themselves or attaining the level of success which we have in assistance and development for our native people, especially in northern Saskatchewan.

Now the member makes some comments about the storage of waste and puts some hypothetical situation before us saying — and I know that at the international levels they are talking about the provider of the fuel having to store the waste — I don't know who he's talking about. I've heard no credible elected persons seriously debating that proposal. Yet, he wants to take what is now a very nebulous, hypothetical suggestion which comes from some persons (certainly not widely supported by democratic countries) who are either involved in the production or utilization of nuclear power. Then he says I know (because he happens to be the member for Rosthern) that is what is going to be the circumstance in the future. There is nothing, nothing whatsoever to indicate there is serious consideration being given to the mining country having to store the wastes which are generated from a nuclear facility. So, until he can be more positive about it, surely he can't expect this government to make decisions on what are hypothetical circumstances or to cease and desist any activity with respect to uranium, because he proposes that at some point in time we're likely to have to succumb to some decision made by, as he's trying to indicate to me, the United Nations, that we will have to store those wastes. He knows that doesn't have any direct relevance to today's circumstances whatsoever.

We're continuing to work toward better knowledge with respect to storage of waste and that, I think, is the only credible avenue we can follow at this point in time. You can't simply argue against all uranium activities without also addressing yourself to the consequences of depriving a number of nations in this world of power, because there certainly aren't enough oil and gas or conventional energy resources now. You can get up and make as nice a case as you want about the problems which go along with uranium development, but if you want to talk about credibility then also take a few more minutes, and I'm sure the Chairman will allow you, to tell us how we address ourselves to energy deficiency in the world today and how third world countries are going to be able to pay what will be astronomical prices for oil and gas, the conventional energy reserves which we are not producing. We will simply assure them there will be virtually no energy made available to those third world and developing countries because we with the kind of economic potential we have and the industrialization we have, will see that we gobble all of that up for our uses.

You can't have one without also appraising the other, and then making a conscious credible decision as to the best balance. I suggest to the member for Rosthern that we indeed have done that, and we have established some very, very significant credibility in having chosen to weigh both sides of the story very, very carefully before we made our decision to expand our development.

I mentioned, Mr. Chairperson, that the member appeared to be addressing the Minister of Environment for a good deal of his remarks. He seems to think the Department of Mineral Resources should be very much involved in the Warman refinery. I beg of the member, what does the Department of Mineral Resources have to do with the Warman refinery? Certainly environment has a responsibility there, and they were there. Industry and commerce, because it is an economic activity in the province of Saskatchewan, has something to do with it, and they were there. So it is unfair and it is in fact, Mr. Chairman, misleading of the member to suggest the government had no exposure there whatsoever. To criticize the Department of Mineral Resources for not being there, and then to try to paint that as neglect on behalf of the government is just not proper. The proper agencies of government were there, and I think that shows the continued credibility of the government in bringing forward its positions with respect to such developments as Warman. It had nothing to do with the Department of Mineral Resources, so there should be no reason to assume they have to be present.

MR. ANDREW: — A couple of comments, Mr. Chairman, with regard to the remarks of the member for Saskatoon-Sutherland and the member for Rosthern. I think the member for Rosthern, and perhaps rightly so, addresses the total question as to the position of the Government of Saskatchewan with regard to uranium development and that is they are concerned and interested primarily in the dollar they can receive. I think the Attorney General earlier in the House this session basically said just that much. The Government of Saskatchewan is in the same position that all the other producing countries in the world are in. And you can't distinguish them one from another, be it South Africa or Australia.

The member for Saskatoon-Sutherland makes reference, begrudgingly I suppose, to the Government of British Columbia and yet I dare say that the Government of Saskatchewan the very next day or the very next week, through its SMDC or through its partners, were swooping in there to try to obtain those markets. And so when you criticize the province of B.C., look what the Government of Saskatchewan is doing at the same time. We are genuinely interested as a government. Your government is genuinely interested in one thing and that is the dollars it can make from the

development of uranium.

The member for Saskatoon-Sutherland also makes reference to the fact that the opposition never expresses a concern about the international situation. At the same conference the member spoke of, the countries of the world almost unanimously endorsed the breeder reactor type of thing. And I am very concerned as a citizen of this province and a citizen of this world that the proliferation of plutonium poses a very serious threat to the total world, to the existence of this world.

And where that threat comes, Mr. Minister, is from what I suggest is nuclear terrorism, which I think in the decade or the two decades ahead is going to be the real threat in the whole uranium development. It's going to be nuclear terrorists. It's not going to be the Russians versus the United States but the nuclear terrorists. And I think that is a very, very serious concern that everyone must face.

So what is the answer? I suppose the minister makes reference to what you can do. But it strikes me that, as we develop into the field of the breeder reactor which I see coming down the pipe in the 1990s or in the next century, what we are going to see with that proliferation is a pulling back.

There is no need to challenge time to develop solar. There is no need, or the need isn't as pressing to develop those other alternative sources of energy. So what we will do as a country and perhaps as a world is to simply extend the need for this world to rely on energy, the greater the risk becomes from nuclear terrorism or nuclear proliferation, which is a real threat to the whole society in which we live.

So the member for Saskatoon-Sutherland does not have a monopoly on the concern as to exactly what is going to happen in the total field. And I say the Government of Saskatchewan must approach this problem in a different way than perhaps the countries of South Africa or Australia, which are simply looking to line their pockets. And we must be concerned when the nuclear products or the uranium we produce finds its way into dangerous third world countries.

The third thing I would like to address is the . . . The minister makes reference to a moral obligation. He always wants to have a moral obligation to get himself off the whole great quest for money. He has a moral obligation to the third world countries. I wonder if the minister would explain to this Assembly what third world countries he is referring to and what in the third world countries is going to be so cheap about developing nuclear energy in the next two decades?

MR. MESSER: — Well, Mr. Chairman, let me begin with the closing remarks of the member who just took his seat. Yes, we do have a moral obligation. And it was only after thoroughly studying and understanding both sides of the question that we made the decision to go ahead with the development of uranium. And I again want to tell the member I don't want him to put words in my mouth by saying part of our moral obligation is to provide nuclear fuel for reactors in third world countries. It is anything but that. It is to provide the fuel to those developed countries who have chosen under a democratic process nuclear energy as one of their options. Countries such as the United States and Great Britain, France and West Germany and the Scandinavian countries, by so allowing them to expand their power base through nuclear fuel, we will free up the conventional resources which the third world countries are going to have to be dependent on.

If we want to give them some opportunity for economic development, rather than keeping them pawns of us, the developed countries, we have to give them access to that energy. I ask the member to be honest and to be credible in addressing this issue in that he tells the people when we curtail development to those democratic countries who are now using the nuclear option that they will deprive those third world countries of the energy which they need if they're going to have any kind of economic growth in this decade or in this generation. To cut that off just surely guarantees they are going to have no such option.

I think it is a moral issue and it's one which we have addressed. It's one which we use in defence of our development of uranium here, and it is highly improper to say that our decisions are based only on the revenues which the province of Saskatchewan will enjoy from the development. Had that been the case, we would have been down the road with uranium mining five years ago with more mines on stream than we have now. But we chose to do it in a proper, sensible and logical fashion. We have taken time to study and review and have public access, not only from the province of Saskatchewan, but also from outside of this jurisdiction, come in and criticize us and tell us what their concerns are in respect of expanded uranium mining. After compiling all the information we've made a decision in respect of uranium mining.

You know there was a man of some recognition who once said in respect of nuclear power and that was Einstein, that it is much easier to denature plutonium than it is the evil spirit of man, and these people try to use terrorism as a reason for the non-development of uranium. If one wanted to use that argument there would be very little we would do in this world today. I tell the members that if we are going to resolve the problem of terrorism and proliferation, we have to do it by another form than simply curtailing the means of being able to exercise and escalate terrorism.

It's a very serious problem, but you address the matter by resolving the concern and the escalation of terrorism itself, not by trying to cut off all activities that mankind is now involved in which may be taken advantage of by terrorists. We don't stop flying airplanes, and we couldn't stop flying airplanes because terrorists want to hijack them. We have to tighten up the security and allow that practice to continue so this world can continue to operate and uranium is no different. So we can put all the safeguards we want into place, and until we address ourselves and resolve the problem of terrorism, there is still going to be concern there. But removing that activity is not by any means going to resolve the problem.

Now, Mr. Chairman, one theme that has been evident in the remarks by the members to your left, is the problem that the government is somehow involved in the development of resources in Saskatchewan and therefore we have all of these concerns. If it had been the private sector, we wouldn't have these concerns. I listened to the member for Rosthern who is saying exactly that the concern is the government is involved in the development. Therefore all these problems are not properly addressed. If the private sector were wholly and totally involved none of these problems would exist because the government would sit back with some supervisory powers and regulatory powers and would be able to address itself to all these deficiencies. I suggest to you this is simply not the case. We have done everything possible to inform ourselves, to properly address ourselves to the concern in the resource development sector. I don't relate that to only uranium. I might ask the members, where do they stand on this issue? What proposals have they got in respect to uranium development?

Are they telling us we should cease and desist all uranium activity in the province of Saskatchewan, including the mines now operating? Or are they wanting to suggest to this Legislative Assembly to let the ones that are mining continue to mine and put into place a moratorium? Is that their position? Are they for or against uranium mining?

I think this forum and this committee might be an opportune time to have the members of the Conservative Party stand up and say they are against uranium mining in Saskatchewan and articulate why they are against it. If they are only half against it, how is that going to resolve the problems of terrorism and proliferation and the storage of waste if we continue to mine what we are already mining? And I ask, Mr. Chairman, the members to stand up at the next meeting of this committee and tell us and the people of Saskatchewan so we can clearly identify once and for all whether you are for or against the mining of uranium in the province of Saskatchewan.

There are a lot of people who justifiably think you are trying to play both sides of the coin. I think it is time you stood up and clarified where you really stand.

The committee reported progress.

The assembly adjourned at 10:05 p.m.