

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Second Session — Nineteenth Legislature

Tuesday, June 17, 1980.

The Assembly met at 10 a.m.
On the Orders of the Day

WELCOME TO STUDENTS

MR. J.G. LANE (Qu'Appelle): — Mr. Speaker, it gives me a great deal of pleasure to introduce through you to the members of the Assembly some 15 students from the Wilcox Elementary School. They are Grades 7, 8 and 9 students, and they are accompanied by Dennis Wiebe. I hope they find the tour and the session in the legislature today interesting and informative. We wish them all an enjoyable stay and a safe journey home.

HON. MEMBERS: Hear, hear!

MR. D. LINGENFELTER (Shaunavon): — Thank you, Mr. Speaker. It gives me a great deal of pleasure to introduce to you and to members of the Assembly, a group of 19 Grade 6 students who are seated in the west gallery. They are here today with their teacher, Mrs. Husband; her husband; and parents, Mrs. Switzer and Mr. and Mrs. Calvin. I am sure that all members would want to join with me in welcoming them here, and wishing them a safe return home to Mankota. I look forward to meeting them afterwards for drinks, and for a discussion after question period. Thank you.

HON. MEMBERS: Hear, hear!

QUESTIONS
Drought Resistance Measures

MR. E.A. BERNTSON (Leader of the Opposition): — Mr. Speaker, question to the Premier. February 2, Mr. Premier, your minister of agriculture said:

For the first time in the province's history, its economy is diversified enough to take the strain of a large crop failure.

Today, Mr. Premier, University of Saskatchewan agricultural economists in the Financial Times of Canada indicate that Saskatchewan stands to lose, as a result of the current drought, \$6.8 billion from its gross domestic product. The Conference Board in Canada earlier this year predicted that Saskatchewan's gross domestic product for the year 1980 would be \$11.6 billion. Better than 50 per cent of our gross domestic product could be lost as a result of this drought. Will the Premier not now admit that Saskatchewan cannot afford a major crop failure and that what we need is some major capital expenditures in the areas of irrigation, deepwater well drilling, etc. to make Saskatchewan more drought resistant?

HON. A.E. BLAKENEY (Premier): — Mr. Speaker, I can only regard any suggestion that this year's drought will cost our domestic product a figure like \$6 billion as totally alarmist. I have no confidence in those figures and I do not believe when the year is over that any member opposite will say that the figure was anything resembling \$6 billion. If that is the representation of the members opposite, if they believe not only that the

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figures say that, but also believe the figures to be accurate and that the loss in gross domestic product is going to be \$6 billion, I must say I do not agree with them. Accordingly, I will not agree that programs ought to be mounted on the basis of a potential loss of \$6 billion. This does not suggest that programs ought not to be mounted. They just ought not to be mounted on the basis of a projected loss in gross domestic product of \$6 billion.

MR. BERTSON: — Supplementary, Mr. Speaker. I would be interested in hearing what the Premier's projected loss in gross domestic product is. These aren't my numbers. But would the Premier not also admit that a measly \$7 million out of the feds to be shared between Saskatchewan and Manitoba in drought relief, and that measly \$7 million tied to a cost-sharing commitment from the Saskatchewan government, if the whole \$7 million were spent in Saskatchewan, it means that the Government of Saskatchewan would commit \$7 million to drought relief in Saskatchewan – totally inadequate. Would the Premier not admit that his priorities are, in fact, all screwed up?

MR. BLAKENEY: — I'm sure the hon. member expects me to agree fully with that last statement. I think, Mr. Speaker, that the hon. members are making an error in suggesting that the total level of government aid will be in the special drought program. There will undoubtedly be very, very substantial money flowing to Saskatchewan farmers through the grain income stabilization plan, that will unquestionably cost the governments in Canada much more than \$7 million. There is money flowing to farmers through SHARP (Saskatchewan Hog Assured Returns Program), there will be money flowing to farmers through a number of stabilization programs.

As to the amount of \$7 million, which is clearly designed for special drought measures for the cattle industry and is designed not particularly to look after the problems of grain farmers, it is quite improper, in my judgment, to suggest that this is the total commitment of either the federal or the provincial governments.

MR. BERTSON: — Supplementary, Mr. Speaker. The Premier has touched on a couple of programs that do deserve a little discussion. Number one, SHARP, the Premier well knows, is going to be ended this year. With SHARP ending this year and the fact that stabilization dollars from the grain stabilization program don't come on stream for 18 months, would the Premier not admit that the agricultural industry in Saskatchewan deserves a little attention now and that after it has gone, it costs a whole pile more to get it back on stream than it does to give it a little preventive shot now?

MR. BLAKENEY: — Mr. Speaker, I think the suggestion that the agricultural industry in this province is about to vanish and that therefore we should address our attention to the situation of what happens after it's gone, is yet another instance of what can only be called alarmist predictions made by hon. members. I do not think that the agricultural industry will vanish. I do not think the losses will be over \$6 billion.

I am very, very conscious of the fact that there will be a sharp decrease in the amount of grain produced in Saskatchewan this year, whatever now happens with respect to rainfall. All of us know that this has happened in other years and it's very much to be regretted. I would predict, perhaps wrongly but we will see, that the gross production of grain in this province in this year will be greater than in the year 1961, when we suffered a very substantial decrease in grain production; that did not cause the agricultural industry to vanish. It obviously caused some pressure and members opposite may have their own wistful dreams as to the other types of things that may accrue from it. I venture to think that the programs which will be mounted and are being

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mounted, which are very much greater than the hon. member suggests, will prove to be of very considerable assistance to farmers.

MR. BERNTSON: — Mr. Speaker, the figures may be alarming but I don't think unrealistic.

In light of the fact that the feds dumped \$300 million to protect a few jobs in Ontario with Chrysler, and in light of the fact that there's about \$1 billion going into Quebec on the F-18A contract, would the Premier not agree that a measly \$7 million from the feds into Saskatchewan and Manitoba is indeed peanuts, and would the Premier now aggressively go after the feds for more assistance, cost sharing or otherwise and would the Premier reassess the position of the provincial government to get agriculture in the proper level of priority in Saskatchewan?

MR. BLAKENEY: — Mr. Speaker, I find myself in somewhat more agreement with the last statements of the hon. member than the earlier ones, that the announced program by the federal government for drought assistance is not lavish. We will continue to press for greater federal assistance because we believe there is a genuine hardship and very severe hardship going to be experienced by a good number of farmers in Saskatchewan and Manitoba as a result of the drought. We agree with the hon. member that we should assess our programs and reassess our programs and we will continue to do that to see whether or not there are things which can be practically done by our government and things which we can urge the federal government to do to assist farmers in these difficult times.

Uses of Land Bank during Current Drought

MR. J.G. LANE (Qu'Appelle): — A question to the Premier. The farmers of Saskatchewan are starting to pay the price for the failure of the government opposite to get into and promote some capital intensive irrigation projects. That is a failure in policy which is having some long-term ramifications. Would the Premier be prepared to commit today that the Government of Saskatchewan will not increase the funds in any way, shape or form to the land bank commission so that the Government of Saskatchewan during this drought is not using the land bank to take advantage of the financial plight of farmers and in fact acting like the trust companies during the depression?

MR. BLAKENEY: — Mr. Speaker, I think I cannot give that commitment. One of the problems with respect to a drought is that a number of farmers find themselves in financial difficulties. The financial difficulties will not go away if the land bank buys land or does not buy land. We are having, in the land bank, a number of requests by farmers that the land bank buy their land and then lease it back to them as the only way they can continue in farming. I know hon. members opposite would wish these people to fall victims to the people who have money, but it is the policy of this government to assist people, if we can at all, to stay on the land and farm.

Members opposite have a record, when they were in government many years ago, of protecting people in drought times and we all know what Conservative governments do. We all know well what their record is. We know also that when we in 1971 attempted to assist farmers with some moratorium legislation, there was strident opposition, perhaps not from members opposite in their capacity as MLAs, but one of them at least launched strident opposition to any suggestion that we should assist farmers in that way. I think, therefore, we must know what their views are. I state once again our view; if we can assist people to stay on the land in these difficult times, by the

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use of the land bank, we will certainly attempt to assist them that way.

SOME HON. MEMBERS: Hear, hear!

MR. LANE: — Supplementary to the Premier. It is a very pointed response by the Premier that he will increase the funding to the land bank and in 1980 as opposed to 1971, he very pointedly will not bring in debt moratorium legislation. Will the Premier now be prepared, rather than increase the funding for the land bank, to give debt moratorium legislation to those farmers drastically affected so they can maintain ownership of their farmlands rather than having to sell out to the government land bank.

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY: — Mr. Speaker, the hon. member prefaced his question with an assertion that I had said we were increasing funds to the land bank. That is a flat falsehood and the member knows it.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — The second point I wish to make is with respect to moratorium legislation. If we introduce moratorium legislation, we then are exposing ourselves to yet another tirade of abuse about that moratorium legislation such as the hon. member for Qu'Appelle launched in 1971 when we introduced that legislation. I think we must understand that the hon. member for Qu'Appelle wishes very much to work both sides of the street. He wishes to be for moratorium legislation when he is pretending to be a friend of the farmers, and against moratorium legislation when he is pretending to be a friend of his financial interests. I think therefore we will have to judge our appropriate policy on the basis of the many-sided attacks by the member for Qu'Appelle, depending upon whom he is trying to please today.

MR. LANE: — A question to the Premier. I suggest to the Premier that the financial straits of the farmers of Saskatchewan are far more severe than those of 1971 when the government opposite brought in legislation which made the local implement dealers of Saskatchewan bear the full financial burden, a very unfair position then. I say to do it again would be very unfair today. I ask you very pointedly, are you now prepared to take your responsibility as a government to bring in debt moratorium legislation which doesn't put an unfair burden on the small businessmen of Saskatchewan?

MR. BLAKENEY: — Mr. Speaker, I think hon. members will know that we have a measure of debt moratorium legislation in place already. We have a very much expanded crop insurance program. Members opposite will know that when we assumed office the total exposure of the crop insurance program was in the order of \$14 million. It is now in the order of \$750 million or \$800 million. There will undoubtedly be substantial pay outs under that program this year. I think hon. members are again not, in my judgment, making the right assessment if they think the financial plight of farmers in Saskatchewan is worse today than it was in 1970 or 1971. I simply do not believe that to be the case, nor do I think any rural municipality or any financial person dealing with arrears on payments of mortgages will agree. I am not suggesting that this will not be a year of extreme difficulty for farmers; in fact that is the case. I believe that the financial position of farmers is significantly better in 1980 than it was in 1970 and 1971 when we succeeded the government by whom the member for Qu'Appelle was employed.

Land Bank Expansion

MR. D.G. TAYLOR (Indian Head-Wolseley): — Mr. Premier, you and the Minister of Agriculture have been waffling on the amount of money for going into the land bank in this year. I understand today you said there would be no more. Will you assure this House today that you will not be using the assets which the land bank owns now (the land they own) to go to the money markets to borrow money to acquire more land bank land in this time when the farmers in Saskatchewan are in very dire conditions due to the drought and the decline in the economy, generally?

MR. BLAKENEY: — Mr. Speaker, I can only assume that the hon. members opposite wish to leave farmers who are in financial straits because of the drought to the tender mercies of the financial interests and to offer them no alternative but to sell their land to the land bank and remain on the land.

MR. SPEAKER: — Order, order. I wonder if we could hear the answer and the questions.

MR. BLAKENEY: — It seems very clear that members opposite feel that if the land bank does not intervene and farmers are forced to sell their land, then the people they represent will be able to buy that land at low prices. It seems clear, therefore, the land bank still has a role to play in giving farmers another option, rather than selling to the financial interests which are represented by members opposite.

Pasture Land Northeast Saskatchewan

MR. G.S. MUIRHEAD (Arm River): — Mr. Speaker, a question to the Minister of Agriculture. You were quoted yesterday on a hot line program saying that your department could provide excess pasture land in northeast Saskatchewan for 6,000 to 8,000 head of cattle. Would you now, Mr. Minister, inform this House and inform me where in northeast Saskatchewan this is going to be, which municipalities this pasture land is in?

HON. G. MacMURCHY (Minister of Agriculture): — Mr. Speaker, I think the statement which I released in the Assembly last Wednesday, and the statement which I released to the cattlemen in Moose Jaw, identified a number of those available pastures. If the hon. member has a constituent who wants to move some cattle I would suggest he call the number 1-800-667-5693. The people there will make an effort to accommodate the situation. Pastures have been identified and, in fact, are being identified now for the movement of cattle. In addition . . . (inaudible interjection) . . . Mr. Speaker, I was on the open line and the farmers who called me were very courteous and very interested in the program. The hon. member for the constituency of Qu'Appelle, who is the expert on farming, should take a lesson from the farmers.

SOME HON. MEMBERS: Hear, hear!

MR. MacMURCHY: — Pastures are being identified. I report to the hon. member for Arm River that there is a meeting taking place today (I am not sure it has started now) between our officials, federal government officials and the representatives of the farm organizations. They will likely provide more input into the existing program. We have indicated that it is a start. I think all hon. members agree that it is a pretty good start.

MR. MUIRHEAD: — Supplementary questions to the minister. I will agree that the people were courteous yesterday, but not after they found out the result of your statement. Mr.

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Minister, my question is, where are the 60,000 acres which will pasture 6,000 to 8,000 head of cattle in northeast Saskatchewan? The people contacted your department and said they have had enough problems trying to locate pasture for cattle without a statement from the minister like this, when the pasture land is not available in northeast Saskatchewan. Please explain this to the House, because I have raised cattle for a long time (and so have you) and it will take 60,000 acres. Tell us where it is, Mr. Minister.

MR. MacMURCHY: — Well, Mr. Speaker, I do not have the land locations of the given land. I will be glad to check with the department and provide for him the land locations, quarter section by quarter section, as we have presently identified it, as it existed a week ago and as it exists today. I will hope to have that for the hon. member perhaps as early as tomorrow.

MR. R.L. COLLVER (Leader of the Unionest Party): — I don't want to waste question period either, Mr. Speaker. My supplementary to the Minister of Agriculture is, has he been in touch with the Department of Indian Affairs with a view to obtaining permits from various Indian reserves in the province of Saskatchewan to use their pasture land to pasture cattle? In the northeast part of Saskatchewan, certainly the Red Earth Reserve and some parts of the Shoal Lake Reserve are available for pasture. I don't think they are being used and perhaps they would consider a proposal by the Minister of Agriculture if he were to guarantee payment.

MR. MacMURCHY: — Mr. Speaker, Indian reserve land is an item that I've put before the department officials. We're in a position now, I think, to address it, given the fact that the federal government is in and will be involved in the discussions today. And since it's under federal jurisdiction — Indian reserve land — we have a better opportunity to pursue the use of those lands than we did before. I just can't answer the question with respect to what contacts have been made with band councils with respect to this but I am sure it's being pursued since every available parcel of land for grazing and for hay is being pursued within the province.

Monopoly Power of Grocery Store Chains

MR. P. PREBBLE (Saskatoon-Sutherland): — Mr. Speaker, a question to the Minister of Consumer Affairs. In the late 1960s the Batten commission found that in Saskatoon the top four grocery store chains had the highest degree of monopoly power anywhere on the Prairies, in fact a greater degree of monopoly power than anywhere in the United States. Does the minister share my view that the excess profits and the unnecessarily high prices that have resulted from the chains overbuilding to keep out competitors are still a very serious problem today and if so, could he indicate how serious that problem is in terms of how much extra people in Saskatoon are having to pay as a result of the monopoly power that the chains have?

HON. W.A. ROBBINS (Minister of Revenue, Supply and Services): — Mr. Speaker, the Batten commission in 1968 on consumer problems and inflation indicated that about 4 per cent or 5 per cent or four or five cents on the dollar was the cost consumers were paying for excess capacity in grocery chain stores in the Prairie region and particularly in the cities of Regina and Saskatoon. We have made representations to the federal government through the Department of Consumer Affairs related to the competition legislation but we do not see any action in that regard as yet. We also feel that our studies in consumer affairs indicate that the condition has not really changed to any appreciable degree.

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We think it would be reasonable to say that today it's costing the consumer about four cents on the dollar in terms of excess capacity related to the policies of the chains like Safeway, Westons, etc.

MR. PREBBLE: — In light of the fact that this means that the average family in Saskatoon must be paying unnecessarily over \$100 a year in food, and in light of the fact that the federal government has refused to take action under the Combines Investigation Act, would the minister look seriously at taking action at the provincial level to prevent a further build-up of monopoly by denying building permits to grocery chains which already have an unreasonably high percentage of the market in either Saskatoon and or Regina, or at least in some way, Mr. Speaker, restricting the continued excess capacity that is currently in the Saskatoon system and the Saskatoon people are unnecessarily paying for?

MR. ROBBINS: — Mr. Speaker, we'll certainly continue to survey the scene. I must point out to the member that building permits come under the jurisdiction of the individual cities and we can make representation to them with respect to those. But I think it's fair to say that cities often promote expansion in their own particular areas in terms of providing jobs, etc.

I think it's fair to say, though, that we definitely agree that there is excess capacity in these cities with respect to food chains and we will certainly be willing to make some representation to municipal governments on that basis.

MR. BERNTSON: — I wonder if the Minister of Consumer Affairs would phone his counterpart in Alberta and ask for a copy of what is known as the Devine report, on the recommendation of which the expansion of the major chains was frozen to allow for competition to flourish some years ago. Through that particular recommendation, some considerable growth of the Calgary retail co-operative was allowed.

MR. ROBBINS: — Mr. Speaker, I'm aware of the fact that there was some restriction in Calgary and Edmonton with respect to Safeway, particularly. I understand that was federal intervention as well. I think, quite frankly, we will get along reasonably well in the Department of Consumer Affairs without Devine guidance.

MINISTERIAL STATEMENTS

Edward Schreyer Multicultural Scholarship Award Winners

HON. D.F. McARTHUR (Minister of Education): — Mr. Speaker, it is a pleasure during this Celebrate Saskatchewan year to announce to this Assembly the first winners of the Edward Schreyer Multicultural Scholarship Award.

This scholarship was established this past year in honor of the Governor General's first official visit to Saskatchewan. At the time of establishment Premier Blakeney pointed out that the appointment of the Hon. Edward Schreyer as Governor General signifies the recognition of the multicultural foundation of our country. It was therefore considered fitting that a scholarship for multicultural studies be named in his honor.

The scholarships go to two graduate students attending university in Saskatchewan, each of whom will receive \$1,000. The scholarships are to support graduate research

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into the multicultural heritage of the people of this province.

The selection of a scholarship winner is based on a proposed study of the history, arts, or the anthropology of a particular ethnic group or ethnic settlement in the province.

This year, the first year of the awards, the winners are Laurel Daphne Osborn of North Battleford and Oliver Brass of Regina. I am sure all members of this Assembly will join with me in extending congratulations to these two most worthy recipients.

Miss Osborn is enrolled at the University of Saskatchewan in a master of arts music program. She obtained her elementary school education in Regina and completed her high school work in the North Battleford Collegiate Institute. Undergraduate study in music was completed by Miss Osborn at Boston University. The proposed research project involves the study of Ukrainian music in Saskatoon.

Mr. Brass is enrolled as a doctoral student in the Canadian Plains Studies program at the University of Regina. Mr. Brass received his elementary education at the Peepeekisis Reserve and his high school education at Balcarres, Abernethy, and Loon Lake. Following undergraduate study at Aldersgate College in Moose Jaw and at the University of Saskatchewan's Regina campus, he completed his master of arts in psychology in 1978 at the University of Regina.

The topic of research to be undertaken by Mr. Brass will be contemporary Saskatchewan Indian attitudes as they relate to the criminal justice system.

Mr. Speaker, I feel it is fitting, particularly in a year when we are celebrating our 75th anniversary as a province, that the topics of study chosen by these scholarship winners reflect the broad cultural heritage of the people of Saskatchewan. I therefore believe it is also fitting to ask His Excellency the Hon. Edward Schreyer to present these awards personally later in the year, as part of the official Celebrate Saskatchewan activities, and this I intend to do.

HON. MEMBERS: Hear, hear!

MR. D.G. TAYLOR (Indian Head-Wolseley): — Mr. Speaker, I would like to join with the Minister of Education in congratulating Miss Osborn and Mr. Brass as the recipients of the multicultural awards.

I think we all realize in the province of Saskatchewan the importance of our multicultural mosaic. I think this is something we should all be keeping in mind. It's one of the things, I think, makes Saskatchewan rather a unique area. I must say I'm impressed with the research that these people are going to be doing. I think this will add a lot toward the future of Saskatchewan, and it's great that we are encouraging this type of thing. I would just like to say that we on this side of the House offer our congratulations along with the government to these young people in receiving this award.

HON. MEMBERS: Hear, hear!

COMMITTEE OF THE WHOLE

Bill No. 04 – An Act to amend and consolidate An Act respecting Co-operative Superannuation Society

Sections 1 to 13 agreed.

The committee agreed to report the bill.

The committee reported progress.

COMMITTEE OF FINANCE – EXECUTIVE COUNCIL – VOTE 10

MR. CHAIRMAN: — We are dealing with Executive Council and I would ask the Premier to introduce his officials.

HON. A.E. BLAKENEY (Premier): — We have John Sinclair, who is my deputy minister; Valorie Preston, who is special assistant; Merry Harbottle, who is the manager of administration; Mel Hinds, director of information services.

Item 1

MR. R.L. ANDREW (Kindersley): — My first question, Mr. Minister, and the question with which I have had some difficulty, with your government, is the position of the Government of Saskatchewan as it relates to the whole question of energy self-sufficiency. Given the present situation, where something like \$3 billion a year has to be paid by the federal government to subsidize the imported oil, with the recent announced OPEC price increase, speculation is that that cost could increase by another billion dollars. The previous Clark administration tended to argue in favour of an oil pricing agreement that had to, by and large, take into consideration the question of oil self-sufficiency. I think they addressed the question that that could in fact be reached in this country by 1990 or perhaps even earlier. Could the Premier advise the Assembly what his position is as it relates to energy self-sufficiency and when he would anticipate that we could reach that position in Canada?

MR. BLAKENEY: — Mr. Chairman, it is the view of our government that Canada should actively pursue a policy of energy self-sufficiency, more particularly petroleum energy self-sufficiency. We don't see any particular problems in some of the other energy areas, but don't overlook their importance because there are great opportunities for substitution. It has been the view of the Government of Saskatchewan that Canada should attempt to marshal the large amounts of capital which will be needed to pursue new sources of petroleum and natural gas and to pursue programs of conservation which would conserve petroleum and natural gas. Here I don't want to be held to be saying that we shouldn't conserve other energy; it is just that petroleum and particularly oil is at the top of anybody's priority list. This is a point of view we have put forward consistently for five years, calling for the amassing of funds; sometimes we call it a Canada Energy Security Fund and sometimes we called it Jobs Today for Energy Tomorrow. Whatever particular forum we were in, we kept advancing this idea. We still advance it. We agree with the proposal of the Clark government that we should pursue energy self-sufficiency and attempt to reach it by 1990 or thereabouts. We believe this is going to involve very substantial investments in offshore resources, in heavy oil, in the tar sands and in conservation and substitution.

I wouldn't have the information at hand to predict when that might be arrived at but I would have thought that a determined effort would have put us substantially in a position to be oil self-sufficient by 1990 or shortly thereafter; although I must say that it is a mere speculation rather than based upon a firm analysis of all the data which I don't

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have.

MR. ANDREW: — I grant you would not have that information available, Mr. Premier. In your negotiations with the Prime Minister, would you agree that the present government has not put the emphasis on oil self-sufficiency but rather on the question of the economic impact that a price increase would have on the consumers in Canada? Is it the position of your government and do you believe the federal government is not addressing the question of oil self-sufficiency?

MR. BLAKENEY: — I suppose it is all a matter of emphasis. I would not say that the federal government is not addressing the problem of oil self-sufficiency. I think I detect, in the current federal government, a greater concern for the possible adverse economic impacts of domestic price increases, and a lesser concern for the need to pursue diligently energy self-sufficiency than I saw in the previous government. As I say, it is all a matter of emphasis, but at least up until recently, I have tended to feel that there has been a consideration of the possibly adverse effects of domestic price increase which have clouded people's vision as to what I submit is the pressing need to pursue greater Canadian energy resources. I'll call it energy self-sufficiency, and we'll know what we're talking about.

I think it must be pursued with more vigor than it has in the last several years, and one of the main reasons it has not been pursued with vigor in the last several years is that one of the things we need to do is raise domestic oil prices. I think without being unduly critical that the Trudeau government has been more concerned about this aspect of the matter than was the Clark government. The Clark government I think was less concerned about domestic oil price increases and, as it seemed to me, more committed to at least lowering the federal deficit and/or pursuing energy self-sufficiency. We can argue about that but I think that on the whole I tended to feel they were more committed to energy self-sufficiency than the current government has shown itself to be up to now. This does not mean that they may not change their position, since pretty clearly they were at least in part, elected this last time around on the basis of keeping domestic energy prices down.

MR. ANDREW: — During the estimates of the Attorney General last Friday, under questions from the member for Qu'Appelle, the Attorney General indicated that the Government of Saskatchewan has, for all intent and purposes, given up on the national energy fund concept advanced by your government over the last three, or four, or five years. Would the statement of the Attorney General, that that has in fact gone (if you like), be a true reflection of the Government of Saskatchewan's position as it relates to the national energy fund?

MR. BLAKENEY: — Well, yes, I think by and large that's the case. We put out a little booklet last year because our position on this so-called Canada Energy Security Fund has changed with circumstances, and really last summer following the Premiers' conference at La Malbaie, we put forward an only somewhat modified form of the Canada Energy Security Fund. We received really no strong support either from the provincial governments or the federal government and, accordingly, in last November's conference on the economy (the one the Clark government had) we put forward what was really a significantly different position. I think that marked the near demise of the old Canada Energy Security Fund proposal which we had put forward in 1975 and had modified from time to time since.

MR. LANE: — Does the Premier not feel that putting forward that proposal has jeopardized Saskatchewan's negotiating position vis-à-vis the constitution, in that you

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have, before the other first ministers, admitted that the results of the benefits of Saskatchewan's resources are negotiable? You are prepared to negotiate on the benefits of our resources; it's just a matter of finding out what the quid pro quo is, but it is now a negotiable item. The Alberta position which says that there are resources (we will make the decisions after), is in fact the stronger more aggressive position to be taken and Saskatchewan has seriously jeopardized its own negotiating position by offering, in the past, to give up some of the benefits of its resources.

MR. BLAKENEY: — I don't share the view expressed by the hon. member since I believe that Saskatchewan people have a strong interest in energy self-sufficiency. Had Canada marshalled its funds in 1975 or 1976 and had it begun then to vigorously pursue energy self-sufficiency, there would have been many supplementary benefits for Saskatchewan people, because of the fact that we are very heavy users of petroleum products and, particularly, very heavy users of gasoline and diesel which we are going to have trouble replacing as an economical fuel for our agricultural industry.

I think that all governments, the Alberta government, the B.C. government, and ourselves, take the position that the resources are the property of the province. All of us acknowledge that the federal government has lawmaking power which can affect our ability to get the full benefit from those resources. We and Alberta have been very conscious of this as the federal government has applied export taxes which, in this year, are going to yield the federal government a good deal more money than the Government of Saskatchewan from Saskatchewan oil. So we're all aware, I think, of the fact that the federal government has the legal power to intervene and is likely, in any constitutional negotiations which have any prospect of success, to continue to have some powers to intervene.

Accordingly, our objective is to see whether we can preserve as great a proportion of the benefits of Saskatchewan resources for Saskatchewan people as we can and at the same time encourage the federal government to pursue a policy of energy self-sufficiency which will permit Saskatchewan people, in their capacity as Canadians, to have available to them a ready and reasonably economical source of petroleum products to carry on their endeavors. That's the purpose of the negotiations. I don't think there's that much difference between us and Alberta as to the positions taken. There may occasionally be different phrasing, different approaches, but by and large, during the oil-pricing conferences which started in '74 and went on for a couple of years thereafter, we have had surprising — one might almost say amazing — ability; it has been amazing the extent to which Alberta and Saskatchewan have advanced similar views.

MR. LANE: — Well, what about similarity of views with your federal counterparts? The NDP, nationally, has proposed a natural gas bank and a prices and profits commission to fully regulate the oil industry. I assume that SaskOil would not be exempted from such regulations. I see no indication that the Government of Saskatchewan has divorced itself from the national energy policy of the New Democratic Party in Ottawa.

MR. BLAKENEY: — Well, Mr. Chairman, we simply have not adopted those policies any more, I fancy, than the Government of Alberta has adopted the policies of, say Mr. Davis's government in Ontario. I don't think there is any tradition in Canada that all the Conservative governments must have the same energy policy or all the New Democratic Party governments must have the same energy policy, much less the governments have the same energy policy as the New Democratic Party in opposition

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or a Conservative Party in opposition. I think the facts are that we don't have the same position on all points as the federal New Democratic Party and I fancy members opposite may not agree entirely with the Clark government or the Davis government (and I don't know how you could agree with both) on energy policy. I don't say that by way of attempting to score points. I'm just saying that's the nature of politics in Canada.

MR. LANE: — The federal government, when the present energy minister last came to Regina, indicated a rather amicable arrangement in discussion. He indicated at approximately that time, that he was having no difficulty coming to an oil pricing agreement with all the other provinces except Alberta. The Government of Saskatchewan, since that time, I suggest, has perhaps learned that the people of Saskatchewan are a lot more supportive of the Lougheed position than the government opposite had originally assumed.

Would the Premier mind indicating whether Mr. Lalonde's conception has now changed and if you have told him that you're not one of those provinces with which he can easily reach an agreement? Is he still under the assumption that he can get an agreement with all provinces except Alberta and I suggest, subsequently now, except British Columbia as well?

MR. BLAKENEY: — I really don't want to comment on Mr. Lalonde's statements in this regard. Mr. Lalonde is busy negotiating. He will obviously, I think, wish to suggest that he is getting along fine with everyone but one, if that's the first one he wants to arrive at a difficult agreement with. I don't think Mr. Lalonde is likely to go to St. John's, Newfoundland, and say that all matters between him and Mr. Peckford's government on energy are now agreed upon and really it's only Alberta that he has his difficulties with. I don't think he would want to advance that because I think it's not accurate. I don't think he would go to Victoria and say that with respect to Mr. Bennett's government. He may say it, but I don't think he would maintain it as an accurate statement of the position. He may say it from the point of view of a negotiating tactic.

I think the facts are that there are difficulties between the federal government and the Government of Newfoundland and the Government of British Columbia and the Government of Alberta and the Government of Saskatchewan. We simply do not have a basis for agreement with the federal government on energy pricing as yet. Whatever Mr. Lalonde may say in the course of negotiations (and obviously I'm not going to tell him how to negotiate), I understand the nature of negotiating tactics.

From the point of view of reporting on our government, I say that we have unresolved differences with the federal government and we hope to resolve them in an amicable way. We do not wish to have a confrontation with the federal government that we can avoid, nor do we wish to make a settlement with the federal government which is less than we might have been able to get otherwise for our resources.

MR. LANE: — It is interesting that the Premier would state that he would wish to avoid a confrontation with the federal government. Perhaps Mr. Trudeau's call for an alliance between the NDP and the Liberals is seeping down the line, because I can remember the days when you relished a confrontation with the Trudeau government, as recently as the last provincial election.

My next question is, why did the province of Saskatchewan not make the certainly symbolic gesture of support to Alberta, in its negotiations with Ottawa on an oil pricing agreement, that the province of British Columbia did? They recently had their minister

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attend and indicate full support. I think it incumbent upon the government opposite to at least make the symbolic gesture that there is a common front in western Canada. We know that there will be, I suggest relatively minor differences. But I think it would serve the people of Saskatchewan well if the government indicated that there was a common front with Alberta and make this symbolic gesture by having the minister travel to Alberta (as B.C. did) to indicate support.

MR. BLAKENEY: — Mr. Chairman, I am sure that all governments will choose their own way to make their alliances for the purposes of negotiations. We have had very warm and close relationships with the Government of Alberta in the course of negotiating oil prices for a good deal longer, if I may say so, than British Columbia has. But because we happen to be in a different situation, we were substantial oil producers and oil was the issue; natural gas, at least the export tax on natural gas, is a significant issue, which involves British Columbia and Alberta, and not ourselves since we do not export natural gas.

I think our position with respect to Alberta and with respect to oil pricing is well known. I don't know whether anything would be added to it by symbolic gestures of ministers going to Edmonton, or an Alberta minister coming here. I think the relationship between my colleague, the Minister of Mineral Resources, and his opposite number Mr. Leitch in Alberta, has been a warm and close relationship. We have kept in touch and we expect to continue to do so in the course of negotiations.

MR. LANE: — Does the government opposite have a base line? In other words, if we are to start in dollars, we could take today's price of Saskatchewan oil and if we got the full market price we would know how many dollars we would have coming in (and I realize that price is going to vary). Does the government opposite know on a regular basis, exactly what total dollar return it would get if it were able to sell Saskatchewan oil at market price and retain the funds? Has the government decided on what percentage of that total amount, the minimum it is prepared to accept in any pricing agreement?

MR. BLAKENEY: — The Government of Saskatchewan knows with some degree of precision the additional amount which would be received by the industry, by the Government of Saskatchewan and by the Government of Canada. I don't have the figures before me on a breakdown. The level of export tax now, which is a pretty good indicator, is just over the \$20 mark, sometimes significantly over, as much as \$22.50 or thereabouts. If you take \$20 and 60 million barrels (\$20 is a little on the low side and 60 million barrels is a little on the high side) you get \$1.2 billion. This is, in a sense, the amount which would be coming to the province, the industry, on a gross basis, if we were getting world price for oil. Now significant amounts of that would be paid out to the federal government because the great bulk of it would go to oil companies whose profits would be taxable at significant levels if they had that level of profit. One can do some approximations, none of them very accurate. One can come up with a figure of perhaps 40 per cent of that which might accrue to the provincial government, which is \$480 million a year. That is a very significant figure. Another 40 per cent might accrue to the industry and 20 per cent to the federal government.

The breakdown is here quite problematic and we simply do not know because this would involve an analysis of the various financial statements of the various companies to know what the flow through to the federal government would be.

But those are approximations which are, I suppose, not unreasonable in all the circumstances. We do not have a target figure except to say that we would like the price

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for Saskatchewan oil to approach the world price steadily and much more rapidly than has been the case in the past. We felt that the proposal by the Clark government of \$4.50 a year was, having regard to the economic difficulties that Canada is experiencing, not unreasonable.

There were certain other aspects to that. We wouldn't have been happy with that as the total package. We also would have wanted a commitment from the federal government, probably in co-operation with provincial governments and the private industry, to pursue some energy opportunities in Saskatchewan, particularly with much more expenditure on heavy oil.

I don't want to be too detailed here but I'll just make one point. This involves a price for heavy oil, a commitment for a price for heavy oil which is higher than the current \$14.75 plus \$4.50. I mean, we're going to have to have something approaching a world price – something approaching something which was done for Syncrude and the tarsands plants. We need a price commitment on that, a joint commitment to spend some money. And that package together with some amelioration of our situation on the export tax together with an increase of probably \$4.50 a year is the sort of thing which we had talked about. I don't want to say that's our minimum position and it's certainly not our maximum position; but that's the sort of thing we were putting forward as a package. Now I don't want to go into all of this because there's not much point in negotiating with someone if you're going to talk about all of your positions. But in general terms, that's the sort of point of view we were putting forward and it wasn't very much different from what the other governments were putting forward.

There was a further addition to the proposal of some automatic adjusters if the \$4.50 did not close the gap between the current price and 85 per cent of the Chicago price.

MR. LANE: — Is the Premier supportive of Alberta's position and its action of introducing legislation to allow Alberta to basically stop production?

MR. BLAKENEY: — Well, I am supportive of the proposal that the Government of Alberta can introduce legislation calling for the regulation of the production of petroleum products for conservation reasons. They have done that for many years with respect to natural gas.

We have a natural gas conservation board in this province which similarly can control production. I express no view on whether or not the regulation of production should be used by any province as a price bargaining technique, nor do I know whether the Government of Alberta is asserting that. I believe that their position is that they've had a natural gas conservation board regulating the production of natural gas for many years. They are doing the same now for oil. Oil is a fast dwindling resource and they are wishing to conserve in that area. I would agree with all of those principles. I think it is something which any province ought to be able to do as a conservation measure, i.e. to regulate the rate of production since it has many other social and economic impacts, particularly an economic impact on the continued viability of industries in towns in the province.

MR. LANE: — Thank you for the lack of answer. The Premier has indicated on many occasions that sometimes the advantages of leaving the resource in the ground may outweigh the advantages of removal. Shifting now to uranium, the Premier has given

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hints that perhaps the government is going to slow down its pace of development and that these mines are going to be staged in. It leads to several questions. By staging in the mines, of course, the government opposite is going to be unable to fulfil its promises of great northern employment because the work force will basically be the same work force being used over and over again. In other words there is no substantive increase if you proceed with the staging route. Is it now the policy of the government that it is going to staging?

MR. BLAKENEY: — Mr. Chairman, the policy of the government is that it is certainly going to consider staging. I think there may be some misapprehension. It may well be that we have not made our position clear. When we talk about staging, we are not talking about mining out one mine and then putting another one on stream so that the same work force would be able to work both mines. We are talking about staging the development of mines so that we start a new mine every two, three or four years rather than every two or three years or something of that nature. Far from decreasing opportunities for northern employment, we rather think this will increase them because it will give us an opportunity to train more northerners, to offer economic opportunities to northerners who are, in many cases, in many areas not yet ready to accept those opportunities if they involve regular work in a mine.

We were fearful, and are fearful that, if we mount three or four construction projects at the same time, the exigencies of getting the job done will mean that workers will be brought in from the South because there will not be a sufficient number of northerners able to accept the challenge. Accordingly, we would in fact be decreasing employment opportunities. One of the main purposes of staging would be to see that we didn't overheat (if that is an appropriate word) the northern economy and bring about some of the adverse effects of rapid economic development which we all observe when rapid economic development is brought into a society which has not been heavily industrialized in the past. That is certainly one of the objectives of staging.

We all, I think, recall the construction of potash mines and the fact that there were several of them built during the mid 1960s. Then when the market declined, there was considerable distress in some of the potash towns, Esterhazy and Lanigan to name two. There was a good deal of dislocation for a good number of families. I don't know whether we can avoid that. We think we can probably ameliorate some of that if we do not bring on all the mines at once, but bring them on as it appears the economy in northern Saskatchewan can take them, as we can provide trained people to do the jobs and as the general provincial economy can stand that level of construction.

MR. LANE: — I don't think the Premier is accurate; projections I have seen on Key Lake would indicate that during the peak period of employment for the mine, it will employ approximately 1,200 people. That will last for no more than three months. The ongoing employment will be in the range of 225 people. You have a one-shot peak employment period. Staging in, of course, does not mean depleting one completely before building another one. You have a construction work force and the staging of the construction work force is going to take that same work force over a longer period of time, but it is not going to increase the work in northern Saskatchewan. So I suggest that if your objective is to increase employment, staging is going to work the opposite way.

MR. BLAKENEY: — I don't think I agree. There are only going to be so many mines built. I am not now accepting or rejecting the figures of the hon. member. Assuming that Key Lake employed 1,200 people at its peak, and assuming that MidWest was running at the same time and it employed another 1,000, there would be 2,200 people at the

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peak. When both of them in due course are completed and there would be no further mine to go ahead at that moment, we would have a situation where we would have had 2,000 or 3,000 people working and then virtually no one working at construction. That is not the sort of thing which the economy in northern Saskatchewan particularly needs.

I think we are better off if we can construct one and then decant some because they will continue to work in the actual mine which is built, on spin-off jobs. Then build another. It may well be that some other previous work force would be on the job. Then build some more and decant some of those into operations and spin-offs and the like. I would think that's probably a better basis for building that type of an economy in northern Saskatchewan than trying to peak it and wondering what we are going to do with all of the people once the job is done.

MR. LANE: — The government has made some massive investments in uranium. We had the admission last night by the minister responsible for the Crown Investments Corporation that the Key Lake mine has no contract signed. There has been a rather significant reduction in the price of uranium oxide this year. There is, as well, an indication that the demand for nuclear reactors may not increase (that's the way the Premier has argued in the past). There has been a significant reduction in electrical demand in the past year. Would the Premier indicate to the Assembly what markets the government has for Key Lake and what assurances he can give the public that Key Lake will be able to sell its product?

MR. BLAKENEY: — Well, with respect to markets, I don't think I have anything to add to that which my colleague, the Provincial Secretary, advised the House last evening and on other occasions. He has talked about the arrangements. We don't have any uranium to sell; we don't have a mine yet; we don't have an environmental authority to go ahead with the mine yet, and accordingly it's somewhat premature to suggest when one is going to sell uranium. One looks at the world uranium market and one sees a number of countries pursuing their nuclear programs with a good deal of vigor. We acknowledge that, notably in North America but to some extent in other places, the electrical demand has not increased as rapidly as might have been projected. We note that there is an economic recession in North America of considerable proportions and one, I think, can reasonably anticipate the growth in electrical demand as the economy improves. I'm not suggesting it will in the next year (I don't know that), but it certainly will in the next five years.

We see countries like France proceeding very vigorously with a program. Please understand that I'm not suggesting Saskatchewan uranium is going to France. I'm just saying that . . . (inaudible interjection) . . . but not for use there. There's no arrangement for Saskatchewan uranium to go to French reactors. I'm just saying that if France is using uranium from Niger and Gabon(?), then that uranium from Niger and Gabon is not going to West Germany, to Sweden, to the U.K. or to the U.S. . . . (inaudible interjection) . . . Well, I don't know where the uranium from Niger and Gabon is going, nor does the member opposite.

I know what is reported by Euratom and I know what is reported by the International Atomic Energy Agency at Vienna, and I am confident that their information is accurate. But I must say that I do not have here with me an indication of where the uranium from Niger is going.

But to come back to my other point, if there is a significant increase in the number of

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reactors generating electrical power throughout the world (and there is a substantial increase) then there is likely to be an increase in the world demand for uranium. In the market where there is an increase in the world demand for uranium, I would anticipate that Canadian uranium will find a market.

I cannot give the hon. members an indication of where the contracts are signed, any more than I could give them an indication of what contracts would be signed when the potash mines were acquired. But the world market for potash indicates that there would be a need for potash and indeed that proved to be the case. Potash is being sold and the mines are operating successfully. I would anticipate that the same situation will apply with respect to uranium – not identical by any means, but all of these things are marketed on a world basis and I would anticipate that the same general considerations, although not specific considerations, would apply with uranium.

MR. LANE: — It's the first admission that the government opposite didn't have the markets when it went into potash, and that was a matter of some lengthy debate during the potash takeover. It struck me then and it strikes me now, if you're so confident of the markets, that you should be prepared to table before the Assembly where you expect those markets to develop, because some facts indicate the opposite is happening.

First we can look to North America. One of the constitutional battles on energy pricing is whether Alberta will fund, or assist in the funding of some major hydro electric projects in the province of Quebec, energy for export which would be obviously in competition to the nuclear industry. Secondly, we have the international nuclear fuel cycle evaluation conference which reported in February that they recommend most strongly breeder reactors. They are alleged to be safer environmentally and for the workers; they are allegedly cheaper and of course that will not be a market for uranium; they use very limited amounts.

We have, as well, increasing political pressures in France, and fairly recently Germany and other countries, to restrict the growth of the nuclear industry. With those pressures they indicate that perhaps those markets are not there. It is not like potash; you said you didn't know. The only thing we knew about the potash markets was that the national governments which were buying potash were a lot like the farmers. If they got hard pressed, they cut back on fertilizer (that is about what most people knew at the time) and perhaps it hadn't been marketed as aggressively as it should have been. But I suggest to you, Mr. Premier, there are some very significant events which indicate that perhaps the markets are not as strong as you have been leading the people to believe. A statement by Mr. Mitchell suggests that we expect \$2 billion in royalties by the end of the decade. I suggest this is a rather strange statement to be made and I ask you first to comment on the markets and the statements of the international nuclear fuel cycle evaluation and secondly, what specific information do you have which would cause Mr. Mitchell to make such a statement?

MR. BLAKENEY: — To deal with the second question first, the views that may have been expressed by Mr. Mitchell are not necessarily the views of the Government of Saskatchewan and I have no comment on them. I do not know what he said, if you're talking about Mr. Robert Mitchell; I take it you are. Grant Mitchell? When is he alleged to have said this? Pardon?

AN HON. MEMBER: — It was raised in a question period earlier this session.

MR. BLAKENEY: — I'm sorry I am unable to assist you. If it is Mr. Grant Mitchell, I do not

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know the statement so I imagine it is a simple statement of what was given to the Cluff Lake Board of Inquiry, which is there for all to read; given certain assumptions with respect to the level of production and the price, the existing royalty schedule will produce these sorts of royalties. As I recall that submission made to the Cluff Lake Board of Inquiry, it did not in any way guarantee or purport to support in a definitive way that level of production or that level of pricing. It said there are grounds for believing this level of production might happen and if so this is what happens to the royalty schedule. But there is not much point in my paraphrasing it; it is there and it is a public document which anyone can read.

With respect to the other question, I do not share the view of the hon. member that there has been a significant drawback in the commitment of countries to reactors, except in the United States where there have been delays, undoubtedly.

My impression from the French government and from reading material is that they are proceeding as rapidly as previously planned. My impression from reading the material is that the same is true of the United Kingdom. In Sweden there has now been a referendum which indicates that they will move from their 6 operating reactors to 12 operating reactors. I do not see any substantial opposition to the reactor program. Don't misunderstand me. I'm not talking about hesitations and reservations. There are lots of those everywhere. It is when the alternatives are faced that the problem then becomes resolved as to whether or not one wants to rely upon oil, or coal or nuclear.

There seems to be a disposition in West Germany to rely upon coal and nuclear and to attempt to reduce their reliance upon imported oil. I believe, judged from what I can say, the statements of the major opposition party and the statements from Mr. Schmidt and Mr. Wischniewski of the Social Democrats, that they will be proceeding. Accordingly I see a measure of reluctance on the part of a good number of people to move with respect to nuclear reactors, but I see them faced with the choice of whether or not they are going to be dependent upon unreliable supplies of oil, and I see them making their choices for various mixes which include nuclear.

That's true in the Canadian experience. I'm sure that the Government of New Brunswick didn't embrace a nuclear reactor with a great deal of excitement. They just felt that it was their best alternative, and the Government of Ontario has done the same. It's true that the growth of electricity in Ontario has not proceeded as rapidly, so they may be deferring some of their projects. But so far as I'm aware they are still proposing to follow essentially the same course of action that they had before.

MR. CHAIRMAN: — I wonder if the hon. member would allow the member for Melville to introduce some students?

WELCOME TO STUDENTS

MR. J.R. KOWALCHUK (Melville): — Mr. Chairman, I want to thank the members of this legislature and Premier Blakeney for allowing me the opportunity to introduce a group of 30 students, who are seated in the west gallery, from the Melville Comprehensive School. They are students under the HIRE program, a work planning class, and they are here with their instructor and driver and man of all trades, Mr. Nick Rogalski. I sincerely hope that all members of this House wish them a good day here today, an opportunity to learn something about how this House operates, and a safe journey back home.

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Item 1 (continued)

MR. LANE: — The countries that you mention, (except for West Germany) France, Britain, the Soviet Union and Japan, are pressing on with their fast breeder reactor programs. In other words, that seems to be the option that they have chosen. In other words, the very fact of a nuclear generating plant does not mean it is a source or a need for Saskatchewan uranium. It's not a market necessarily for us. I suggest to you that the countries you've mentioned, except for West Germany, are proceeding with breeder reactors and that they are not necessarily markets. What specific marketing information do you have which indicates a growth in uranium markets? What specific sources are you using for your information? Are you using Atomic Energy Canada as a source, or the companies with which you are already associated, or do you have other specific sources which will give accurate information as to markets? I'm not trying to get into detailed questions for which I don't expect you to have answers, but I think pursuing the matter of markets is important.

MR. BLAKENEY: — With respect to whether or not breeder reactors will be widely used, I think that one can have different views on that and what sort of lead time it's going to take to develop breeder reactors. That I think goes to the question of the number of mines that we develop in Saskatchewan rather than whether or not there are markets for the uranium for the one or two which are currently in prospect.

The reactors which are going on stream will not be easily converted to breeder reactors so that you can be sure the reactors which are currently on the drawing boards, or at least are under construction, are not going to be breeders.

There is, as you say, no indication that a number of countries have decided not to go the breeder route, notably the United States. President Carter's decision on that has been noted. I suppose it's always reversible but I think it has had the effect of moving back any move by the United States to go heavily for breeders.

There are lots of problems with breeder reactors; notably, the amount of plutonium they produce, which presents hazards with respect to proliferation that standard fuel grade uranium simply does not produce. So I think there will be some hesitations about breeders. After all, I am not aware of any operational breeder reactor in the world yet. The nuclear reactors have been around for 20 years and more; so we're aware of some of the lead times we're talking about.

With respect to where we're getting information on markets, we get it obviously from wherever we can. We're a member of the nuclear institute. We pick up information from the Canadian government, Eldorado Nuclear, our German partners in the Key Lake venture (the Uranerz people) and there are consultants whom we have used. We really don't believe the consultants have available to them much more information than other people have. It's just a matter of aggregating what one can aggregate with respect to the intentions of various countries to proceed with nuclear reactors for power generation.

There is a company, the name of which eludes me at the moment . . . (inaudible interjection . . . That's right, NUEXCO, which makes its business in purveying

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information on potential markets for uranium. I have seen a number of projections of markets from three or four different and independent sources and they tend to vary by 30 per cent or so in any given year, but they tend to tell a somewhat similar story of the likely market for uranium. But obviously there are differing views on the likely market for any product 10 or 15 years hence. So basically we get our information from published sources, from our partners, from the federal government, from NUEXCO and from what we can gather by our own intelligence services.

MR. LANE: — I neglected to bring my material but was there not a Robertson study out of Calgary? Have you had access to that. It seems to be at variance with the information given.

MR. BLAKENEY: — We have had a market survey by a David S. Robertson and Associates, from Toronto, in which we did some fairly detailed market studies at the time we were considering the acquisition of the one-sixth interest in the Key Lake mine.

MR. LANE: — Well, the Robertson study I am referring to was announced and we had discussed that earlier in this session as to its projections of uranium prices to be lower than present levels through the balance of the decade. I gather from my calls to people in the industry it is a well-accepted report. The Premier, though, has indicated — I believe the phrase was that if there were going to be a refinery in Saskatchewan, it was not going to be at Warman. It would have to be somewhere else. I don't know if that was reported accurately or not. Given the change in position with regard to that refinery, is the government prepared should the uranium markets remain at today's level — if the prices remain at today's level, or close thereto for the balance of the decade — to at any time stop further uranium mining? In other words, would you stop it on no new projects being started?

MR. BLAKENEY: — Well, Mr. Chairman, I think the answer to that is if uranium markets do not support a level where production can be profitable, we would wish that mines would not proceed. Whether or not the Government of Saskatchewan can stop the mines from proceeding is a nice legal question that I don't propose to get into at the moment. The uranium industry is one which has been declared to be a work for the general benefit of Canada pursuant to the provisions of 92(10)(c) of the British North America Act as the hon. member will be aware. It is far from clear what the rights of the Government of Saskatchewan would be to stop production. We would, however, attempt to use what influence we might have to have a regular and staged production or introduction of mines into the market so that we would not cause economic distress in northern Saskatchewan. We would do our best along that line.

With respect to the refinery, the position of the Government of Saskatchewan is that we would like to have a uranium refinery in Saskatchewan. We have not expressed any opinion as to whether or not the Warman site is a desirable site, and have refrained from expressing that view until the board of inquiry set up by the federal government has had an opportunity to make its findings known. That is the position of the government, nor is that a change of position. That has been at all material times the position of the government.

MR. LANE: — Is the government considering alternative sites?

MR. BLAKENEY: — I've certainly been urging Eldorado Nuclear to consider alternative sites.

MR. LANE: — Have you had any response as to what those sites are?

MR. BLAKENEY: — No, we have had no response from Eldorado Nuclear, which has taken the position that it does not wish to pursue alternative sites until Warman is disposed of or perhaps it doesn't at all. I don't know. I have observed that either Eldorado Nuclear or someone on their behalf has changed the site location in Ontario and it may well be that they or people on their behalf are taking a different view with respect to sites, I simply don't know that.

MR. R.A. LARTER (Estevan): — Mr. Premier, it has been admitted that there could be soft markets for uranium until the mid 1980s. Mr. Mitchell works very closely with you as Premier of Saskatchewan. Can you tell us on what price of uranium ore — \$32 or \$15 or \$45 a pound — he based his projection of \$2 billion profit by the end of the 1980s?

MR. BLAKENEY: — I simply am not familiar with the comment by Mr. Mitchell which was referred to, and accordingly I don't know the pricing assumption which was built into any such calculations. The prices that went into some calculations at the time of the Cluff Lake Board of Inquiry were roughly in the \$40 range and since that time prices have tended to drift downward and they would be in the \$30 to \$32 range now.

I frankly don't know when Mr. Mitchell is reported to have made that statement or what the basis of the calculations would be. I could probably find out but I simply don't know.

MR. LARTER: — Mr. Premier, I think you know that Australia started to do a report on the dangers and benefits on uranium mining and part way through that report they threw caution to the wind and decided they would proceed full blast with uranium mining. As a result of taking this road they have stated that by the years 1984 through 1986 they will have as much uranium ore coming on stream as is now being sold in the world today — as many pounds per year. Has the government taken this into consideration as far as pricing of uranium is concerned — the uranium price war? So I think that it makes a little more sense — the question from the member for Qu'Appelle — that Key Lake doesn't seem to have any markets. They have letters of intent. So don't you believe that really the risks in the uranium industry would be better handled in the private sector and the government would be free to tax at a level that would keep the uranium mining industry on the go?

MR. BLAKENEY: — Certainly the possibility of substantial production from Australia is one of the major imponderables. I think it's the single greatest imponderable when talking about likely supplies of uranium during the late '80s and '90s. I think it fair to say that some of the Australian mines are not likely to come on stream quite as rapidly as some of the news reports indicate, since they have not in some cases solved some pretty knotty problems with respect to native rights and environmental questions. I am not suggesting that a good bit of this uranium will not come on stream. Accordingly, there is the possibility of some measure of competition. This is something that anyone has to face when one is producing a product to be sold on world markets.

With respect to uranium, I do not wish to state to this Assembly that there are no economic risks involved. No one can be assured that there will be adequate markets at adequate prices. We do, however, think the prospects of adequate markets and adequate prices are reasonably good. Therefore, the economic risks in proceeding in this direction are manageable risks, or ones which a prudent businessman would undertake. We therefore should not hesitate to undertake them on behalf of the people of Saskatchewan.

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I would say there are other reasons why it is desirable to have public participation in uranium. Some, which obviously moved the Government of Canada to take a virtual monopoly in uranium production in the early 1940s with Eldorado Nuclear, still prevail. Uranium is still a strategic material. Therefore, it is desirable to have it under the closest possible government surveillance. It is my view that it will be under closer government surveillance if it is publicly owned, extracted and regulated than if it is privately done. I would suggest that a comparison of the industries in Ontario and Saskatchewan would indicate this to be true, at least with respect to occupational health and safety. I think partly by good luck, but also by good management, the record of Eldorado Nuclear in Saskatchewan is very significantly better than the record of the companies at Elliot Lake.

For a number of reasons, I think a case can be made for the public ownership of uranium that could not be made for the public ownership of, let us say, copper. Accordingly, I think on both counts: one, because of these non-commercial reasons, there is a case to be made for public ownership of uranium; secondly, I think the commercial risks are reasonable risks to be undertaken. The prospect of a substantial profit is such as to suggest that the risk is therefore one which ought prudently to be undertaken on behalf of the people of Saskatchewan.

MR. LARTER: — Mr. Premier, unlike oil and gas which is a fast depleting, non-renewable resource, you have a built-in market because we have a very limited amount of oil and gas but still more than any province except Alberta. You are definitely entering into the risk business with uranium. You are into the field competing with the private sector. You have absolutely no control of production throughout the world. You have mentioned yourself that it is a risk that the people of Saskatchewan maybe should take.

Really, are you elected as a government to take risks? Are you not elected as a government to govern the people, to set tax rates and to police the province?

MR. BLAKENEY: — We are certainly elected to do the latter. We are also elected to do the former in the sense that we are elected to get the greatest possible return from our resources. If it appears, as I think it does with respect to some resources, that the public ownership of that resource is likely to get the greatest possible return and give Canadians and Saskatchewan people the greatest possible control over their own destiny, then I think the public ownership option is not an unreasonable one. I say this, particularly with respect to something like uranium, where, for the reasons I have already indicated and also the social reasons, we would like to attempt to use the industry as a way of assisting economic development in northern Saskatchewan. This is very difficult to do if it is being done by a private company, which is, understandably, attempting to minimize its costs and to maximize its return. I can see us using the uranium industry in a way which will not, in some ways, strictly minimize the financial cost or maximize the financial return, but which would provide opportunities for people in northern Saskatchewan. We would, in this way, undoubtedly maximize the greatest economic welfare for Saskatchewan, but it may not all show up on the balance sheet or the operating statement.

For all of those reasons, I think a case can be made for public ownership. I acknowledge the philosophic point made by the member for Estevan which says that governments ought not to be in business. It is a point of view I don't share. Government is a business as well as a responsibility, if I may quote something I see on television from another

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government business, the CNR, which has operated for many years in Canada.

MR. R.L. COLLVER (Leader of the Unionest Party): — Mr. Chairman, I wouldn't want the Premier to believe that, in some way, we were going to spend all of the Executive Council and Legislative Assembly discussion on uranium and oil. But it is very, very near to 12 o'clock. I wonder if we might call it 12 o'clock and come back at 2 o'clock to commence our questioning.

The committee recessed until 2 p.m.