

Economy

Today Saskatchewan's economic structure is undergoing profound changes. From an agricultural economy, it is changing to one in which non-agricultural industries contribute over 50 per cent of the province's commodity production. Still, agriculture remains the largest single industry.

The change-over started slowly in the post-war era with the discovery of oil, and grew as service and supply industries developed to support the find. This was followed by the discovery of potash and helium and the production of natural gas, and by discovery of extensive uranium reserves in the northern part of the province. A trend was established from rural to urban life.

The diversification of Saskatchewan's economy is illustrated by the fact that the service sector has expanded greatly and now accounts for about half of the total gross domestic product. Manufacturing has also increased considerably. It should be noted that food processing and distribution and farm machinery, which constitute a large part of these sectors, are tied to agriculture. Substantial oil refining and steel manufacturing facilities are located in Regina.

The cities of Saskatoon and Prince Albert, and some northern Saskatchewan communities, will for the next several years be experiencing higher

business levels, population increases and new industry location. The south will continue to be agricultural. Resource activity rose substantially in 1978 and continued to rise throughout 1979. While provincial revenues have increased as a result, a rise corresponding to this new level of activity cannot be expected before 1981, when uranium production increases and heavy-oil projects prove themselves.

Oil

The active search for oil in Saskatchewan dates from the year 1906, when the first well was drilled. The real momentum, however, was gained after the discovery of the Leduc Field in Alberta in 1947. This sparked renewed interest in the oil potential of Saskatchewan. Important oil pools were found in several parts of the province and, by 1966, annual production had reached its peak of 93 million barrels. Light-oil pools are becoming depleted but various heavy-oil pools have been discovered in the Lloydminster area. The key stumbling block to heavy-oil development is its low recovery rate.

The extremely viscous oil is difficult to recover using conventional methods, which yield an average recovery of 5 per cent of the oil-in-place. Millions of dollars will be spent by industry and government on pilot projects in the next several years to de-