

people. However, I have the right to expose this kind of financial chicanery.

I was saying that the government went to Winnipeg only with the intention of getting the decision of the oil companies to postpone their plans for cancelling the project. The Minister of Energy, Mines and Resources said he wanted studies. The Alberta government has done four studies on the cost aspect of the Syncrude project. One was done by Foster Associates, one by Hu Harries Economic Consultants, one an analysis by Price Waterhouse, and one an engineering feasibility study on cost projections by Loran International.

It is important for the Canadian public to know that this government, on that fateful Monday, did not have these four analyses of the Syncrude project as to cost.

The government committed \$300 million and an open ended 15 per cent liability on any future cost over-run without the benefit of these studies. It went into the deal blindfolded. We learned from answers in the Alberta legislature that the federal government received the Loran International study late Sunday night. It did not have time to analyse it before the fateful decision was made on Monday. It received the Price Waterhouse analysis on Monday. The Foster report was mailed to the federal government from Edmonton on Monday night or Tuesday morning, after the Syncrude arrangement had been concluded. The federal government has not yet received the Harries study. If there is a better indication of a government working hand in hand with the oil companies, I do not know what it is.

There were adequate studies for the government to see what it was getting into, yet it succumbed to the blackmail of the multinational oil companies involved in the Syncrude project.

Here we have a plan. Any questioning person would want to know why it increased from an original \$356 million to over \$2 billion in 12 years and escalated from \$846 million to \$2.2 billion in the past seven months. However, the government accepted the figures of the same multinational oil companies as to the amounts of oil we had in this country throughout the fifties and sixties. How did these companies pull the wool over the eyes of the gold dust twins on the front benches?

This cannot be put down to natural inflation. Shell Oil Company computed in its study of the oil sands development that a capital cost inflation rate of 5 per cent per year would be considered reasonable. In no way can the kind of cost escalation which I have just described fall into that pattern.

The other reason why there has been such a cost escalation is that the oil company partners of Syncrude do not buy the capital items needed to build the Syncrude plant competitively on the open market. They buy from their subsidiaries and affiliated corporations, which deliberately inflate the prices.

The contractor for the Syncrude project is the famous or infamous American construction company, Bechtel Corporation, the same corporation Premier Bourassa hired to destroy the environment of James Bay. Bechtel Corporation is the main contractor. It buys from its subsidiaries capital equipment at inflated prices and pays inflated

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engineering fees. It is also reported that Bechtel is 36 per cent owned by Exxon, which is the parent company of Imperial Oil, one of the partners in the Syncrude project.

There is a nice trading arrangement going on between the oil Company partners of Syncrude to inflate deliberately the price of the project in order to bring the government running with cash to the oil companies. The federal government has accepted the oil companies' figures. How can the oil companies be trusted in view of their past behaviour? These companies have hoodwinked the government and the Canadian people.

The public relations aspect of this project is incredible. A few weeks ago we heard that Atlantic Richfield was pulling out of the scheme because costs had escalated away beyond proportion. Atlantic Richfield did not pull out of Syncrude because of escalating costs. It pulled out because it does not have any refineries in Canada. It could not get a commitment from the government for unlimited export rights in order to send oil to its refineries in the United States. That is why it pulled out, not because of escalating costs. They were on the inside. They know the cost escalation is phony.

For 15 per cent ownership of Syncrude the federal government is putting up \$300 million in equity funds. For 10 per cent equity, Alberta is putting up \$200 million, plus giving the oil companies \$200 million in loans, and building for them a \$600 million pipeline and power plant. The Conservative government of Ontario has likewise been hoodwinked. It is very easy to hoodwink provincial Conservative governments. For 5 per cent equity the Ontario government is putting up \$100 million. The private companies will control 70 per cent of the Syncrude project.

The federal government has committed itself to 15 per cent of the cost over-run. If the pattern of escalation which I have described continues for the next few years, the government will be paying hand over fist for the operating cost of the plant and will not have any kind of majority control or input in the decision-making process. In the light of this situation it seems the time is long overdue when the federal and provincial governments should take over full public ownership.

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As if giving them money is not enough, the Minister of Finance announced in his November budget, or subsequently, that Syncrude would be exempt from the tax provisions in the most recent budget. This means that what the oil companies invest in Syncrude can be written off against profits from other operations, such as heating oil or gasoline production. In other words, if Imperial Oil invests \$300 million in Syncrude, under the tax system applicable to them they will be able to write off \$400 million against their profits from other operations. If that is not a rip-off of monumental proportions, I don't know what is.

It might sound at first hearing as though the government were getting tough in the November budget, but if you read the fine print you will see what is really going on in the corporation tax field. The government is propping up the multinational companies with public funds without being able to exercise any real measure of control over their activities.