

Adjournment Debate

wise move in order to see this dispute set aside and taken away from the general difficulties which have arisen between the two levels of government. Indeed, the Minister of Energy, Mines and Resources indicated that day he had spoken on the phone with the minister of energy for Alberta and would be happy to see that course of action followed. However, as it turned out, it was impossible to have the two points of contention separated. So, the hold which the province of Alberta has had on those heavy oil and tar sands plants continues to this day.

I know the minister is to meet with the minister of energy for Alberta early in April. At that time I certainly hope he will strive to see the two issues separated so that those plants can go ahead. I think this is important because we are dealing not only with a production plant but a plant which has a certain research element in it, and which will not come into production for a number of years.

● (2205)

It seems to me the second factor is that the most hardship is being borne by the communities involved. I have here an article datelined Cold Lake, Alberta which appeared in the November 21 issue of *The Gazette*. The headline is "Don't delay oil project locals plead". The article begins as follows:

Cold Lake businessmen want Alberta Premier Peter Lougheed to let Imperial Oil Ltd.'s \$9 billion Cold Lake heavy oil project proceed.

It states that Wayne Kowalski, former president of the Grand Centre Chamber of Commerce, is planning a meeting with the premier. His brother is the MLA for Barrhead, Alberta. He pointed out how important it is to see that these projects go forward.

I think the most devastating impact is felt by communities like Cold Lake and others in Alberta. Much of the steel industry in eastern Canada is working at near capacity, so the harmful effect is there.

I hope when the ministers have a meeting early in April that they will try to set this aside. The federal government has shown some good will by moving a reference price up to \$38 per barrel, escalated to the CPI in the future.

Alberta has a very heavy club to use on the federal government and the eastern consumers by cutting off 60,000 barrels per day every 90 days until September. I believe this results in an increase of 75 cents to \$1 per barrel every time production is reduced by 60,000 barrels. With that kind of bargaining tool, I do not think he has to shortchange the future on these tar sands plants. This is causing a lot of difficulty for the local communities out west, and at the same time sets back the time when we are going to be self-sufficient in oil from the heavy oil and tar sands plants in the future.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I join with the hon. member for Algoma (Mr. Foster) in hoping that we will soon see the commencement of the oil sands plants, a statement which the minister has also made on a number of occasions recently.

The government is fully committed to the expeditious development of western Canada's non-conventional petroleum resources. On November 12 the minister expressed his support for the concept put forward by the hon. member for Algoma that a separate "oil sands" agreement, independent of a general oil pricing agreement, be negotiated.

The record shows that the national government has always been ready to ensure that oil sands and heavy oil projects will take place. In this context, hon. members will recall that the federal government took the initiative in February, 1975, to save the Syncrude project. At that time the governments of Alberta and Ontario, and the three private participants, responded and the project went ahead on schedule.

Examination of the National Energy Program will show the emphasis being placed on oil sands and heavy oil development through such measures as the maintenance of the depletion allowance, the provision of special tax incentives for heavy oil upgrading plants, and the application of reference prices at or close to international prices to encourage the opening up of these resources.

The immediate development of the oil sands and heavy oil resources is especially important in the light of Alberta's declining conventional oil reserves. New discoveries are becoming more difficult to find. While the remaining undiscovered conventional oil is of an impressive magnitude—perhaps 3 billion barrels—it cannot be located quickly enough to compensate for declining producibility. Therefore, the National Energy Program has established a policy of steadily rising incentives to find this oil. It has been estimated that netbacks will almost quadruple during this decade. This will assure orderly development of this declining resource.

● (2210)

I should like to re-emphasize the efforts that the federal government has made during the past year to reach an accord with Alberta on the pricing of oil and gas and, in particular, on the basis of getting new oil sands projects under way. Throughout these discussions we have been willing to show considerable flexibility. For example, when it became apparent last October that an over-all pricing agreement with Alberta would be impossible at an early date, the Minister of Energy, Mines and Resources (Mr. Lalonde) endeavoured to guarantee the future of the tar sands plants. In a meeting with the Alberta minister of energy he proposed a generous incentive price for tar sands oil which would be escalated annually with inflation.

When Alberta was not prepared to negotiate, the federal government then offered to loan \$40 million to Imperial Oil so that the Cold Lake project would not be abandoned. These and other examples will show the degree to which the government of Canada is eager to see these projects go forward.

NUCLEAR ENERGY—SAFEGUARDS RESPECTING SALES OF
NUCLEAR REACTORS

Mr. Stanley Hudecki (Hamilton West): My question on March 18, 1981, concerned the drastically reduced sale of