

ENERGY

THE BUDGET—IMPERIAL OIL LIMITED—COLD LAKE, ALBERTA—
CANCELLATION OF HEAVY OIL PROJECT

Hon. John M. Godfrey: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. When Mr. Jack Armstrong, Chairman of the Board of Imperial Oil, announced the cancellation of the Cold Lake project, he gave two reasons. One reason was the lack of an agreement with the Province of Alberta, and the second reason was the provisions in the budget. My question is: What provisions in the budget was he specifically referring to?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, perhaps I should get a copy of what he said and bring it to this house. I expect, in general terms, he was referring to those changes in the tax base respecting certain aspects of energy revenue.

Senator Godfrey: Is the government going to proceed with the loan of \$40 million without some assurance from Mr. Armstrong that he is waiving those objections, or is the government proposing that the budgetary provisions will be changed in some way to suit Imperial Oil?

Senator Olson: I do not believe that the offer to make a loan for the purpose of keeping the project viable was conditional on any changes being made in the budgetary provisions.

Senator Roblin: They don't even have to pay it back. It is not a loan; it is a gift.

NEWFOUNDLAND

REVITALIZATION OF RAILWAY SYSTEM

Hon. Jack Marshall: Honourable senators, my question is for the Leader of the Government in the Senate, and I am sure he will have to take it as notice. It has to do with Newfoundland's policy on the revitalization of the railway system which is so important to Newfoundland, and which was obliterated by peculiar actions and downgrading in 1969.

The commitment of the Premier of Newfoundland is strengthened by a study completed by two prominent consultant groups and a committee of officials. In his statement the Premier indicates the responsibility of the federal government in helping to revitalize the railway and its responsibilities under the Terms of Union. Could the Leader of the Government extract from the Minister of Transport what his reaction is to the provincial government's stand? Will consultations be held, and, if so, how soon? Could he give us an answer at an early date?

● (1440)

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

[Senator Olson.]

ENERGY

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—FEDERAL LOAN
TO IMPERIAL OIL LIMITED

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development following the question asked by the Honourable Senator Godfrey. Last week the Minister of Energy, Mines and Resources announced that the federal government would loan Imperial Oil \$40 million to ensure the continuation of the Cold Lake project. The news reports over the weekend quoted Mr. Lalonde as stating PetroCan would loan the \$40 million. Would the minister advise the Senate if the loan to Imperial Oil will be made directly from the federal treasury, or will it be made by PetroCan. Can he also indicate to us the terms of the loan, including the rate of interest to be charged.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Government of Canada will take the responsibility for the loan. I think the Minister of Energy, Mines and Resources has indicated that he would ask officials of PetroCan to negotiate the terms and conditions so that a massive project at Cold Lake, where there is an enormous known deposit of oil, can be brought to the position of pumping that oil into the consumers' stream without interruption. That is the basic premise on it. It seems to the Minister of Energy, Mines and Resources that the most competent people to do that would be the crown corporation, PetroCan, and they have been asked to work out the details.

THE ECONOMY

INDUSTRIAL DEVELOPMENT—PROPOSED CROWN CORPORATION

Hon. Orville H. Phillips: Honourable senators, I have a further question to the Minister of State for Economic Development on a different subject. It was reported last week that the Minister of Industry, Trade and Commerce, the Honourable Herbert Gray, favours the creation of a company similar to PetroCan in the resource sector to carry out the government's policy in the manufacturing sector. A study of this question is allegedly under way now. According to Mr. Gray, it will shortly go to the cabinet for further consideration. Is the Minister of State for Economic Development in favour of a new vehicle being established along these lines to implement the government's industrial development objectives?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, quite obviously when the government has made a decision based on the recommendations coming from any minister, then an announcement is made and ministers do not individually indicate their preferences, for obvious reasons, while that discussion is under way. Perhaps the honourable senator would like to re-examine his question. He is talking about a crown corporation with respect to the manufacturing industry, and I wonder if he really is not referring to a trading company.

Senator Phillips: The Minister of Industry, Trade and Commerce suggested an alternative to a new crown corporation when he said: