

part of a general resolution of the current discussions and not individually, and that it would only be part of a total resolution. That is what we envisage at the present time.

Mr. Waddell: Madam Speaker, the oil companies are fond of saying a good tax accountant is worth a hundred salesmen but a friendly minister of finance or a minister of energy is even better.

I have four very short questions to put to the minister. First, I understand that once oil is being produced in these tar sands projects, any payment made to Alberta through revenue sharing or royalties will be deductible from federal taxable income. Would the minister agree with that?

Mr. Lalonde: Would the hon. member repeat that, please?

Mr. Waddell: That any royalty payments made to Alberta are deductible from federal taxable income by the company.

Mr. Lalonde: Madam Speaker, I am afraid I would need the advice of the Minister of Finance (Mr. MacEachen) on exactly what the situation is at the present time, particularly vis-à-vis the Syncrude plant. I would hate to mislead my hon. friend. I would want to be sure I give him an accurate answer on issues of this nature. If he would give me time I shall inquire and give him the information later.

Mr. Waddell: Certainly, Madam Speaker. I think when giving them an extra \$500 million the minister might want to find that out beforehand. I am sure he will look into it.

The second question is this. I understand that companies in these projects will be able to claim earned depletion allowances at the rate of \$1 for every \$3 invested in Syncrude, which will be worth approximately \$170 million to them. Can the minister confirm that?

Mr. Lalonde: Madam Speaker, I have to advise my hon. friend that all these questions are being reviewed and re-examined. We are examining this matter at the present time, and once a decision is made as to changes that might be made in various taxation aspects that the hon. member refers to, an announcement will be made.

Mr. John Thomson (Calgary South): Madam Speaker, I should like to thank the minister for attempting to clarify the question I asked earlier today with respect to the implications of the levy for the compensation fund and the payment of royalties to Alberta.

I have to take issue with the minister, nevertheless, because he seems to insist on attempting to tie the two together. They are in no way connected. There is no money flowing from the compensation fund of the federal government to the province of Alberta, none whatsoever. Certainly the compensation fund is paying the companies and the companies are paying the royalty, but not all of the money that the companies receive is from the compensation fund.

This is a sensitive point and the minister may think that I am splitting hairs, but I have to take issue with this. We are

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sensitive about it. The minister has been at great pains to paint Alberta as the bad guy in this. I find that extremely objectionable.

I would refer the minister to the last two sentences of his press release issued today, which states:

It contributes to payment of Alberta and other royalties, capital and operating costs. Recovery by way of federal income tax is minimal.

That statement misleads the public and certainly the media. I think the minister must agree that it leads people to believe that the major part of this levy is a payment of royalty to the province of Alberta. That is simply not true. Certainly the recovery of capital and operating costs would represent, as I am sure the minister would agree, at least 95 per cent of that portion of the compensation fund which is given to the companies. I think the reason there is no recovery by way of the federal income tax is because Syncrude has not made a profit yet.

● (1800)

In response to some of the questions that were put today by the hon. member for Vancouver-Kingsway (Mr. Waddell) with reference to percentage ownership of this and percentage ownership of that, that is misleading also.

Could the minister tell the House what the accumulated losses are for Syncrude oil?

Mr. Lalonde: Madam Speaker, I do not have those figures at my fingertips. But I want to tell the hon. member everything indicates that the parties who invested in Syncrude have made a very good investment indeed. As a matter of fact I do not know any of them who are eager to dispose of their investment at this time. All the figures that we have, over the life of the plant, particularly if we were to continue international prices, show that the return on the investment would just be huge, and I mean huge.

Mr. Thomson: Madam Speaker, is it not true that Syncrude lost \$65 million last year?

Mr. Evans: Sure, last year.

Mr. Lalonde: Yes, so what? It depends on how much money you are going to make under the life of the plant. You look at the contribution which the federal taxpayer, among others, has made to the building of those plants. It is very great indeed. The federal government has a large investment and contribution through all the fiscal incentives and fiscal advantages that are there.

It was planned all along when the project was put forward that the company would lose money for years. If you look at the figures, what is striking is that it has lost a lot less money in the last two years than was forecast. It will come into a money-making stage, which may very well be this year, well ahead of the plans made at the time when the project was put forward. If you ask any of these people who are parties to the Syncrude plant whether they would be ready to be bought back at the original price they paid plus interest, I suggest that