

the situation. The parties, as he will recall, were suggesting that they would not continue with the development of the particular project unless they could see further participants coming in. We indicated, and I am referring in this regard both to the Government of Canada and to the two provincial governments, that we would be prepared to come in but this would be subject, of course, to the negotiation of a detailed legal contract with regard to the participation of the partners. In this regard, of course, the critical instrument for creating the obligations on our part and securing the rights will be that document when negotiated. The general principles—and, I said the other night, there was agreement in principle—were discussed between the parties and well understood. The greater complexities are yet to be worked out, and this of course is the reason no formal exchange was necessary on that occasion.

● (1140)

SYNCRUDE PROJECT—PRINCIPLES TO WHICH FEDERAL GOVERNMENT AGREED

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. In order that there may be no misunderstanding, may I ask the minister if the House is to understand that the principles which were enunciated were as follows: first, that the federal government is committed to an open-ended agreement to provide 15 per cent of the capital cost of the Syncrude projects; second, that the federal government will pay 15 per cent of the operating costs of the Syncrude plant and, third, that the participants in the project will be guaranteed a price for their share of the oil which will be based on the Montreal price for imported oil with adjustments for transportation and grading? Are these the basic principles on which the agreement was reached and are we to understand these are the commitments the federal government has made?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, as I have indicated several times to the House, the government would assure that in terms of policymaking and price setting in the years 1979 and onward when the plant will be in production, this particular project, and this particular project only, would be assured of a Montreal oriented price. The hon. gentleman asked me about that yesterday. Of course, it would be a price in relation to synthetic crude, adjusted upward because of the qualitative advantages the synthetic crude would have over Montreal oil but subject to reduction because of the netting back of the transportation from Montreal back to the plant site, that is, a reduction due to transportation costs from the Fort McMurray plant to Montreal.

With regard to the contribution, we would be contributing 15 per cent of the capital costs and the other parties contribute in the same order. Of course, in the process of operating the plant we will be responsible for the same share of operating costs, and we will have the same right to the benefits of the project as the other parties. I think I have answered all the points the hon. gentleman raised.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A final supplementary, Mr. Speaker. I assume from the min-

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ister's statement that he accepts my conclusion that the agreement is an open-ended agreement; it is not just \$300 million or 15 per cent, whichever is the lesser, but it is 15 per cent of the capital cost of the Syncrude project irrespective of what that cost may be. I ask this question particularly in view of the statement this morning on the CBC by Mr. Armstrong, President of Imperial Oil, that the cost now looks like \$2,200 million. If they are going to keep raising it every week I think we have a right to know what the commitment is. Is it 15 per cent open-ended or is it \$300 million as a maximum and 15 per cent if it is less than the \$300 million?

Mr. Macdonald (Rosedale): Mr. Speaker, it is the 15 per cent rather than the specific figure. It is what the capital cost may turn out to be, either up or down.

An hon. Member: Open-ended.

Mr. Macdonald (Rosedale): I think it is clear, since we have the minority contribution to this, that if there is any very substantial overrun the other parties, particularly the private sector, are going to call for a re-evaluation of whether we continue. We are hopeful that the estimates made by the parties of the capital costs are accurate, but obviously all the figures are not totally predictable at this time.

AMOUNT OF OIL TO BE IMPORTED—EFFECT ON BALANCE OF PAYMENTS—GOVERNMENT POSITION

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I also have a question for the Minister of Energy, Mines and Resources. The minister's statement of November 22, taken together with the National Energy Board forecast, indicated we would be a net importer of oil to the extent of about 200,000 barrels a day toward the end of this year in order to conserve oil for future production. In view of the fact that the minister's aims for savings as a result of his conservation program announced last night, even assuming the public participates to the fullest possible extent, would amount to about 24,000 barrels of oil per day, can the minister tell the House whether this means that the government is accepting this shortfall of about 200,000 barrels per day toward the end of the year with the very serious implications for our balance of payments and pressure upon the value of our dollar? Is that the situation?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, I would have to look at the hon. gentleman's figures, and particularly his reference to November 22, to see the relevance to this particular question. I would put it rather on the basis of broader principles. The National Energy Board has recommended that in order to be assured at the end of the period that they have discussed, up until the mid-1980s, that we would have enough oil to meet demands of that part of the Canadian market now served by Canadian oil, plus 250,000 barrels a day to Montreal, we should greatly scale down the level of exports. There will be an interim period before the full 250,000 barrels is moving into Montreal in which we will move from a position of net exporter to net importer, and later in the period we would move in that direction as