

Athabasca tar sands – Syncrude project saved

The Federal Government and the governments of Alberta and Ontario have stepped in to save what has become known as the Syncrude project – the development of Alberta's tar sands to extract crude oil by Syncrude Canada Limited and other oil companies.

Lack of funds had endangered the survival of the project when, last December, one of the original partners, Atlantic Richfield Canada Ltd of Calgary, withdrew its 30 percent share of the consortium. The remaining companies announced that they could not afford to proceed without new financing because costs had doubled to \$2 billion during the past 12 months.

Energy Minister Donald Macdonald announced to the House of Commons on February 4, the results of negotiation sessions he, Treasury Board President Jean Chrétien and the Premiers of Alberta and Ontario had attended in Winnipeg:

...Agreement in principle has been reached on the financing of the estimated \$2-billion cost of this second synthetic petroleum plant in the Athabasca oil sands. As I speak to the House, this announcement is being made simultaneously in two provincial capitals by the Government of Alberta and the Government of Ontario. We are all new partners in Syncrude. We have joined together with three of the original Syncrude participants, Imperial Oil Ltd, Canada-Cities Service Ltd and Gulf Canada Ltd, to ensure that this project will be accomplished. Immediately, activity will be stepped up at Mildred Lake to complete the Syncrude plant on schedule, to bring on stream by 1978 this plant which will provide at ultimate capacity more than 125,000 barrels a day of crude oil for Canadians....

As a result of these negotiations the Federal Government, on behalf of the citizens of Canada, will acquire a 15 percent ownership in Syncrude Canada Ltd. It will, over the course of construction of the plant, invest \$300 million in equity funds. I believe this investment will provide an auspicious beginning for the portfolio of Petro Canada.

The province of Alberta will take a 10 percent ownership in Syncrude, with an equity investment of \$200 million. As well, Alberta will make a loan to the project of \$200 million. In addition, Alberta will invest between \$500 million and \$600 million in a power plant to serve the project, in a pipeline and in housing and other infrastructure related to this major resource development project in northern Alberta. The

province of Ontario, whose participation is most welcomed by the Federal Government, will acquire a 5 percent equity interest in Syncrude, with an investment of \$100 million.

Together, the three new partners in Syncrude will acquire a 30 percent equity interest in Syncrude, on behalf of the public, with, of course, further potential equity interest if Alberta chooses to exercise the convertible debentures and the 20 percent option it now has outstanding.

For the moment, the private companies will retain a 70 percent equity interest in the project. To do this they will have to increase their investment of \$1,000 million, which they had previously committed, by a further investment of \$400 million. Half of this increase will be financed, as I have already noted, by loans from the Alberta government, secured by convertible debentures....

There are, in the Athabasca oil sands, an estimated 300 billion barrels of oil. Under current and immediate prospective conditions, however, it remains a very high-cost oil and special arrangements are necessary to assure its commercial production....

Earlier pension age and higher wage percentage, labour goal

During February, Citizenship Month, the Canadian Labour Congress moves into the second stage of the two-year program, "an adequate pension for all at age 60". In making the announcement in Ottawa, CLC President Joe Morris said: "This year we are after

75 per cent of wages at age 60 years".

"The CLC is urging unions across the country and Canadians in general to rally around a campaign of pressure on government to make Canada and Quebec Pension Plan benefits available at age 60 by 1981 by lowering the eligibility age by one year in each of the years from now through 1981. We also want Canada and Quebec Pension benefits increased by 2.5 per cent a year until they reach 75 per cent of wages in 1996," Mr. Morris continued.

The present Canada Pension and Quebec Pension Plans will reach their current objectives of providing pensions of 25 per cent of maximum pensionable earnings at age 65 January 1, 1976. In 1975 maximum yearly pensionable earnings are \$7,400. This figure will be increased by 12.5 per cent annually until it equals the industrial composite average earnings, expected in 1980 or 1981. The industrial composite average earnings are expected to be in excess of \$13,000 a year by that time.

"The campaign was actually launched during Citizenship Month last year," Morris said. "At that time the CLC urged unions to establish committees to examine existing pension protection, study the need for improvements and assist in a broad education program to rally public support for such improvements. Citizenship Month this year will inaugurate the second phase of the campaign. Our efforts, starting in February, will be directed toward pressuring government to change the Canada and Quebec Pension Plans so that all Canadians might look forward to an adequate pension when they retire."

A background paper in support of the CLC proposals prepared by Congress political education director George Home states that from the present available information, more than 60 per cent of workers in Canada have no private pension plan coverage and therefore are relying on Old Age Pension plus Canada or Quebec Pension Plans. "Present information suggests that a considerable number of pension investments have been threatened by the collapse of the stock market," the paper says, adding: "There is little, if any, flexibility in the private pension plans and few employees stay long enough at one particular place of employment to earn a full pension. It is estimated that only 4 per cent to 10 per cent of pensions are collected."