

Senator Olson: I did not say that. I said it was related to the formula, and not an automatic conclusion that it is going to be more.

Senator Roblin: My honourable friend left me with the impression that it would either go up or down, and I suggest to him that it will only go up.

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

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, my next question has to do with the \$40 million that has been so kindly provided by the administration for that poverty-stricken group of people in Imperial Oil—which makes an annual profit of hundreds of millions of dollars per year. I would ask my honourable friend what happens to that \$40 million if Imperial Oil does not go ahead? The company says quite plainly, in a quotation attributed to its spokesman, that “it just doesn’t look attractive today.” If it does not look attractive today, what happens to that \$40 million if the project is not proceeded with?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there are one or two things that my honourable friend left out of the agreement that I believe are fairly important. One is that it is a loan that is repayable with interest when the project comes on stream. We have expressed over and over again our determination to make use of that and the other heavy oil deposits that are already known as one of the most important contributions to self-sufficiency. So long as one has the kind of confidence that I have in Canadians being able to make use of resources that are already known, and to bring them on stream, if there is a co-ordinated determination by all levels of government and the industry to do it, then I believe the risk that my honourable friend is talking about diminishes greatly.

Senator Roblin: I see, honourable senators. I have misunderstood my honourable friend entirely. His contribution of \$40 million to Imperial Oil is another step in the Canadianization and the Canadian ownership and control of the oil industry, no doubt.

Senator Frith: It’s a loan.

Senator Roblin: It is not even equity; so it’s a loan. We are going to give or loan the largest American-owned oil company in the country \$40 million in support of the government’s policy. If they do not go ahead with the project—and that is a possibility—then it will not be a loan, it will be a bad debt, because there is no stipulation that I know of for the government to get the money back if Imperial Oil does not go ahead. But let us assume that they go ahead. I must say that I find the minister’s convolutions of policy with respect to Canadianization rather strange.

I would ask him, however, if he is prepared to agree with the estimate of the Imperial Oil Company that it will take eight years to bring this plant into production?

Senator Olson: The honourable senator is now leading into a technical question. We have not done that technical assessment independently of Imperial Oil, and therefore I do not have any opinion available to me other than what comes from their assessment, especially based on the engineering data they have. We just do not have it, but we are so confident that that is one of the desirable projects for Canada that we think it is worth maintaining what has been termed “the excellent team” that has been put together to bring that project on stream. That is what the \$40 million involvement is all about.

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—PRICE
NEGOTIATIONS WITH IMPERIAL OIL LIMITED

Hon. Joseph-Philippe Guay: Honourable senators, in view of what Senator Roblin has just asked the minister, I should like to know, as I am sure the average person would, what profit will the company make at \$38, even though the company is quoted as saying that the price is not attractive? What profit would the company consider attractive with the increase in the Canadian price? That is something we should know.

• (1425)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will have to take that question as notice. The senator is asking for details about what may come out of an application of \$38, plus the escalator that is involved, and I cannot give those details off the top of my head.

I would like to amplify and correct the impression that Senator Roblin is trying to leave here, namely, that we somehow lose the money. The asset is there. The tar sands are known. We have enough confidence in the technology that is being developed to say that that project will go ahead, certainly if we have a major investment in it. It is a decision for Imperial Oil to make, and we are confident they will make it.

Senator Roblin: I thank my honourable friend for his explanation. I would ask him if he would be good enough to provide us with a copy of the agreement with Imperial Oil that covers this loan of \$40 million.

Senator Olson: I can try to do that, but as my honourable friend will know, this matter is being negotiated and I will not have the agreement until the negotiations are complete.

THE ECONOMY

GOVERNMENT POLICY—REQUEST FOR STATEMENT BY MINISTER

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development.

If I am correctly informed, the Minister of Finance made a statement recently indicating that his budget and inflation forecasts are likely inaccurate. We can understand him making a statement of that kind, because you only have to look around to see that unemployment is escalating, interest rates are going up, the dollar is falling, and with every passing week