Resources can stand up in the House day after day and, it appears to me, be misleading the Canadian people by these statements. Under no circumstances, has the minister recognized or addressed the problem that exists, that is the National Energy Program which took aim at the only strong industry in this country. It is located in the western provinces. He fired a shot and killed the industry.

There are bankruptcies galore in the industry. The industries servicing the oil companies are going bankrupt. Small businesses are going bankrupt right across the province. Unemployment is now at an all-time high. There is a wave of despair descending across Alberta that is hard to describe. People who invested their life savings in these massive projects that were to be built are now facing the reality of bankruptcy, losing everything they worked for over the years.

The Minister of Energy, Mines and Resources is responsible. It is an indisputable fact that if the minister had allowed those plants to go ahead two years ago as they should have rather than attacked the cash flow of those companies, they would have been half built right now. That is what would have happened if there had not been a Liberal government sitting in those benches. What has happened is an absolute crime.

The newspaper headings across the country on Friday and Saturday proclaimed that Alsands died. This country from coast to coast is dying. Despair has set in. There is a mental attitude of absolute depression. It is unbelievable that the minister would not make an attempt to get those plants going immediately.

The minister need only pick up the phone and call the Alsands consortium, which is committed for another month, and ask for a meeting to sit down and attempt to revamp the national energy policy to create the feeling across the country that this government wants private investment to develop our economy. That is all that is necessary. It is all I suggest to him tonight.

Mr. Dave Dingwall, (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, following the announcement on April 30 by the private oil firms associated with Alsands that they were withdrawing from the project, the Minister of Energy, Mines and Resources (Mr. Lalonde) announced the terms of the last offer made jointly by the federal and Alberta governments. That offer would have removed a large part of the financial risk from the private participants. In total, the direct and indirect support by Canada and Alberta would have covered 84 per cent of the $13.9 billion project cost. This degree of support would have been provided to a specially created "stand alone" corporation which would be exempt from taxation until the loan was repaid.

The offer before the companies when they made their decision to withdraw would ensure that Alsands received benefits equivalent to those of a guaranteed loan promised earlier by Alberta as well as the assured benefits comparable to what a taxable firm would normally receive through the use of the conventional tax write-offs.

• (2215)

I would like, Mr. Speaker, to emphasize that the offer was carefully designed to address the cash flow and price risk problems which the companies had previously stressed were their major concerns.

May I briefly, Mr. Speaker, spell out some of the specific provisions of the offer made jointly by the governments of Canada and Alberta to the Alsands companies.

First, private sector participation would be at least 50 per cent but in lieu of normal tax write-offs the two governments would provide loan guarantees for 68 per cent of private sector expenditures in the pre-production period.

Second, Mr. Speaker, no repayment of interest or principal would be scheduled until after start-up. Interest on the guaranteed loan could be capitalized and added to the outstanding loan balance, and the guarantee increased accordingly.

Third, after production start-up, 58 per cent of the net revenue accruing to the private sector would be paid on the loan guarantees. Net revenue is equal to gross revenue minus 110 per cent of operating costs minus capital additions minus the Alberta 5 per cent gross royalty.

Fourth, Mr. Speaker, net revenue accruing to the private sector would not be subject to income tax or to other taxes or to Alberta's net revenue royalty until the loans are paid. After loan repayment, the private sector's revenue share would be subject to income tax, PGRT and royalties.

Fifth, Alberta's maximum 25 per cent equity interest would not be subject to taxation by the federal government. Alberta would have a gross royalty phased in after the first five million barrels at the rate of 1 per cent every 18 months to a maximum of 5 per cent until the guaranteed loans are repaid. Thereafter, Alberta would have the greater of a 5 per cent royalty or a royalty equal to 30 per cent of the net revenue.

Sixth, the federal government's equity interest, to a maximum of 25 per cent, would pay provincial taxes and the same royalty as the private sector interest.

Seventh, when the PGRT becomes effective after the guaranteed loans are repaid, the rate of the tax would be 16 per cent, but the private sector's liability for the tax would not exceed its royalty liability.

Eighth, these proposals would replace all provisions relating to the Alsands project in the Canada-Alberta agreement of September 1, 1981, except for those relating to the price to be received for the project's synthetic oil output.

Finally, Mr. Speaker, synthethic crude production would receive such quality price premiums as it could obtain in the market, and production would not be prorated to demand.

With an improvement of international conditions relating to oil surpluses, high interest rates, and price trends, I believe there might well be new consideration of the Alsands project, possibly in a year's time. In fact, the project might then proceed on terms less costly to Canadian taxpayers. In the meantime, co-operation with the government of Alberta will continue to be a priority, with special emphasis on providing