

*Oil and Petroleum*

we are now by every kind of legislation, and this bill is one of them—

● (1600)

[English]

**The Acting Speaker (Mr. Penner):** Is the President of the Privy Council (Mr. Sharp) rising on a point of order?

**Mr. Sharp:** Yes, Mr. Speaker. I regret to interrupt the hon. member's excellent speech but wish to announce, that there have been discussions about the disposition of two items, Bill C-62, which we are now debating on second reading, and concurrence in amendments made by the Senate to Bill C-32. I understand that there will be little debate, if any, on the motion to concur. I wonder if the hon. member would agree to postponing the rest of his speech until after we dispose of concurrence in the amendments to Bill C-32. I should explain to my hon. friend that some members of the party opposite want to be present when that item is disposed of, and they must leave soon.

**The Acting Speaker (Mr. Penner):** The President of the Privy Council seeks agreement to postpone debate on Bill C-62 and to proceed with concurrence to amendments made by the Senate to Bill C-32. Does the House agree to this?

Some hon. Members: Agreed.

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### PETROLEUM ADMINISTRATION ACT

#### MEASURE RESPECTING THE ADMINISTRATION OF INTERPROVINCIAL, EXPORT AND IMPORT TRADE IN PETROLEUM AND PETROLEUM PRODUCTS

**Hon. Mitchell Sharp (for the Minister of Energy, Mines and Resources)** moved the second reading of and concurrence in amendments made by the Senate to Bill C-32, to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade.

**Mr. Maurice Foster (Parliamentary Secretary to Minister of Energy, Mines and Resources):** Mr. Speaker, I thank hon. members for their courtesy in dealing with this matter. The House is considering concurrence in a number of amendments made by the Senate to Bill C-32, and I am pleased to speak to that motion.

Nine amendments were made in the other place to the bill as passed by this House. Of these, seven were proposed by the government in committee and, of these seven, six were purely technical in nature, directed to the correction of inconsistencies between the English text of the bill and the French text. Since both texts are authoritative it is of course imperative that any discrepancies be removed.

The remaining government amendment, which introduced a new clause 95(2), was intended to remove a possible administrative difficulty. The substance of Part III of the bill depends on the prescription of prices by the governor in council pursuant to either clause 51(1) or

[Mr. Lambert (Bellechasse).]

clause 52(1). Clause 51, as hon. members will recall, deals with the situation in which there has been agreement between a producer province and the minister, pursuant to which the governor in council may by regulation prescribe certain prices.

Clause 52(1), on the other hand, deals with the situation in which no such agreement has been entered into, or such an agreement has for one reason or another, as set out in section 52(1), become ineffective. In such circumstances the governor in council may unilaterally prescribe prices. Again, as hon. members will recall, an amendment was made to section 52 when the bill was before the House, as a result of which there will be an opportunity for debate in this House if the section is proclaimed.

Dependent on these two subclauses is a series of clauses, 53 to 65 inclusive, which are administrative in nature. The effect of the new clause 95(2) is to ensure that the administrative clauses do not come into effect immediately the bill becomes law, thus preceding the substantive implementation of clause 51(1) or clause 52(1). The wording of the new clause 95(2) states in effect that until the governor in council acquires power in section 51(1) or 52(1) to prescribe prices, sections 53 to 65 do not come into force.

Just prior to consideration of this bill in committee of the other place, one of the major natural gas companies, TransCanada Pipe Lines, made representations to the effect that they foresaw some difficulties with respect to clauses 53 and 64. These were reviewed in committee, referred for discussion between officials of the company and officials of the Department of Energy, Mines and Resources, and re-submitted to committee after a text had been agreed and had received the drafting approval of the Department of Justice. The amendment to clause 53 relieves the natural gas companies of a possible conflict between certain commercial obligations on the one hand and compliance with the bill on the other hand.

Clauses 53(1)(a) and 53(1)(b) as the bill was passed by this House prohibited the movement and acquisition of gas from within a producer province for consumption outside that province unless the price paid for the gas is approved by the National Energy Board. There was no corresponding prohibition on the other side of the transaction, namely, the sale. The company therefore saw a risk that it might be contractually bound to buy gas at a price not approved by the board and yet be legally prohibited by the bill from moving it out of the province. The gist of their proposal, therefore, was that there be a prohibition on the sale of gas, except at a price approved by the National Energy Board. This would remove the possible conflict between their obligations under contract and under the bill. In this context I should perhaps remind hon. members that Part III deals only with gas in interprovincial and international trade and not transactions wholly within the province of production.

The amendment proposed by TransCanada Pipe Lines to clause 64 was to remove what it perceived as an uncertainty as to the determination of "cost of service" or "purchasers' cost" pursuant to clauses 64(1) or 64(2) respectively. The amendment provides that in determining cost of service for the purposes of clauses 64(1) or purchasers' cost for clause 64(2), the board will apply the same principles