

Oil and Petroleum

wellhead, 15 per cent is used within the province and probably 85 per cent outside. How can one identify which part of the barrel will stay in the province and which part will go out of the province?

If you consider clause 20 in conjunction with clause 36 and other pertinent clauses, it becomes abundantly plain that the effect of this bill is to attach the jurisdiction of the federal government to every barrel of oil produced in the province of Saskatchewan, the province of Alberta and the province of British Columbia as it leaves the wellhead unless the producer can discharge the onus or proof which this legislation will place on him and produce records to show that the oil will be consumed in the province. That, I suggest, cannot be done. Despite what may be the genuine good intentions of the government, and growing mellow with the years I am inclined to impute good intentions to them.

An hon. Member: Not me; I'm skeptical.

Mr. Baldwin: Despite the skepticism of some of my colleagues who have not yet attained my years, I suggest that once this bill is passed every barrel of oil produced will be oil in respect of which the Government of Canada can fix the price the moment it leaves the wellhead. As I read the bill, that will happen.

Where will this stop? We see year after year that government after government has, stage by stage, altered the basis of confederation. The rights of the provinces are being scuttled by the great monolith, the central government which is being pushed by the colossal civil service. The government is hungry for more power and introduces legislation of this kind. Perhaps it is what the people of Canada want; I don't know. Maybe they want it and perhaps they will say so. But I strongly object to this being done by the back door method as in the present case.

● (1600)

What about lumber in the province of Ontario or the province of Quebec? What is to prevent the federal government from doing precisely the same thing with regard to lumber—unless you have a small sawmill that will make the complete product which can be identified as being consumed entirely within the province? Practically all lumber produced in the three largest lumber producing provinces is used partly within the province and partly outside. As the lumber leaves the sawmill, in most cases it is not capable of being identified. Under the same type of legislation that we have here, there is nothing to stop the federal government moving into the province of Quebec and saying, after the trees have been felled and sawed, "The finished products or part of it will enter the channels of international or interprovincial trade and as such it is our responsibility, if we see fit to exercise it, to fix a price for it at the sawmill." That is an identical situation.

I do not think the people who drafted our constitution or those who now live under it want this to happen. If they do, there is a better way of finding out than through legislation of this kind. That is our objective and we intend to repeat it, not ad nauseam but to make our point. If in the final analysis we are defeated, we will at least have done our duty.

[Mr. Baldwin.]

Mr. Macdonald (Rosedale): Mr. Chairman, there is an argument often repeated by members of the official opposition, namely, that provisions like this will be applied to other commodities. They always choose either the province of Ontario or the province of Quebec for the purpose of this kind of control: in legal terms, there is no reason why this should not happen. The argument is put back to back with the question, why does it just apply to oil and natural gas? I could put the argument back to the right hon. member for Prince Albert when he returns. It was he who chose to segregate these two commodities from a great number of other commodities exchanged in Canada. He set up a special regime for oil and natural gas in Canada, for a very sound reason; they are of unique importance in the whole operation of the national economy.

For these commodities, national policies were adopted so as to exclude foreign imports, to the benefit of Canadian producers. National transportation systems were constructed to carry them. Since 1959 or 1960, and perhaps even before that, when oil and gas came under other provisions of the law they were treated as special commodities and dealt with in this way. It could indeed be conceivable at some future time that it would be equally advisable to apply the same regime to other commodities. However, the fact is it has not been applied. It has not been found necessary. They do not have the same dominant characteristics in our economy as energy commodities.

Dealing with the particular provisions of clause 20, I will restate the argument. We are dealing with a group of fungible goods. Oil may well be mixed for the purpose of ultimate use in the province or outside the province. Therefore, it is a fungible good to which the clause applies. The next step is, how does the part apply. At that point you go to clause 24. You have a specific dealing, a specific part of those fungible goods which the buyer and the seller have chosen to move outside the province. At that point the legal impositions of this part do apply. A buyer and seller, having chosen to deal by moving it within the province, are left free of the touch of this particular part. However, that which the buyer and the seller have chosen by contract to sell for the purpose of moving outside the province will be dealt with by the effective provisions of this part.

Clause 20 does not prevent in any sense a particular commodity being sold and delivered between a buyer and seller inside the province of Alberta, for example. Clauses 24 and 25 are the effective clauses for the purpose of controlling those parts of this total move of fungible goods described in clause 20. I would only say that the final judgment of the draftsman is that this is, from a standpoint of a national marketing scheme, an appropriate exercise of the authority and dealing with transactions to be effective outside the province, transactions of the kind of fungible goods declared under clause 20.

Mr. Baldwin: Mr. Chairman, I apprehend the minister's position. I think it is the only position he can take. However, the minister cannot neglect the provisions of clause 42 which has to be read in conjunction with clauses 20, 22, 36 and 51. Clause 42 reads: