

Oil and Petroleum

The Chairman: Does the committee wish to revert to clause 12?

Some hon. Members: Agreed.

On clause 12—*Exemption or reduction.*

The Chairman: Although the record indicates that the amendment was moved by the President of the Privy Council, *Hansard* does not indicate that it has been put to the committee. I will put the amendment so that it will be clear in the record.

It is moved by Mr. Sharp:

That Bill C-32 be amended by striking out line 7 on page 6 thereof and by substituting therefor the following:

"12(1) Where it is shown to the Governor";

and by adding immediately after line 22 on page 6 thereof the following:

"(2) A statement of each exemption or reduction of \$1,000 or more ordered pursuant to this section shall be reported to the House of Commons in the public accounts.

The Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment (Mr. Sharp) agreed to.

The Chairman: Shall clause 12 as amended carry?

Clause as amended agreed to.

Mr. Macdonald (Rosedale): Mr. Chairman, the hon. member for Qu'Appelle-Moose Mountain raised some questions about the figures for taxes, and copies were circulated to the interested parties in the House. I wonder if it would be possible to go back and pass the earlier clause as well.

The Chairman: Is it agreed that we revert to clause 5 which has been stood?

Some hon. Members: Agreed.

On clause 5—*Charge in April and May.*

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Chairman, could I ask the minister what figures he is referring to?

Mr. Macdonald (Rosedale): It was my understanding that they had been handed to the messenger and distributed. They were the figures on returns from the various stages of export tax and then charged at the various stages set out under clause 5. The question was raised generally, rather than just with regard to clause 5.

Mr. Baldwin: Mr. Chairman, the hon. member for Qu'Appelle-Moose Mountain is in Quebec City in connection with the visit of the interparliamentary group from the United States. We would not want to hold up all other clauses of the bill. I believe the hon. member will be back before report stage is completed, and I wonder if the minister would object to continuing to stand this clause. I think I can give an undertaking that if by Friday we have completed committee of the whole study of all clauses but this one, we would not hold up the bill.

Mr. Macdonald (Rosedale): That is fine, Mr. Chairman.

[The Chairman.]

Clause stands.

On clause 20—*Application.*

The Chairman: Shall clause 20 carry?

Mr. Andre: Mr. Chairman I have some questions. The wording of this particular clause gives me some concern. It reads:

This part applies to crude oil that enters into international or interprovincial trade or that is mixed or blended with crude oil that has been acquired for movement out of its province of production.

It seems to me that clause could be interpreted to include considerable portions, if not all, of the crude oil which is designated for use within the producing province and supposedly, therefore, outside the authority of the federal government. Even the government appreciates that intraprovincial consumption cannot be controlled constitutionally. In a tank battery collection system among a number of producing wells it is often the situation that when oil flows from producing wells into a central collection point, some of the oil belongs to companies whose markets are totally outside the province. Therefore, the oil might be intended for shipment totally outside the province, and according to the government it would fall within the ambit of this bill. Other oil might be produced entirely for consumption within the producing province, so cannot be controlled by the federal government, according to the constitution. This clause provides that because they have been mixed or blended, the federal government would have the authority to control the price of any crude oil within the province; that is, any crude oil that was mixed or blended and was intended for extraprovincial consumption could come under their control, according to this clause.

If the legal experts can convince a chemical engineer that the clause does not imply that, I would abide by their judgment. To a layman, however, it implies that crude oil produced for consumption within a province, which at some time might have been mixed with crude oil produced for the purpose of extraprovincial consumption, could be subjected to control under the provisions of this bill. If that is the case, it is unconstitutional and we should look for better wording for this clause.

Mr. Macdonald (Rosedale): Mr. Chairman, we are dealing with the legal problem of fungible goods, that is to say, where goods not identifiable as those of a particular owner are mixed together. A similarity is the treatment of grains under the Canadian Wheat Board Act. From a practical standpoint, it is desirable to have these two separated and the effect of the clause would be that. I have asked for confirmation in this respect: my recollection is that this is parallel to the provisions of the Canadian Wheat Board Act, which establishes that where there are fungible goods of this kind mixed together in an elevator under a particular system, it has been held that those are indeed goods involved in this legal phrase. I think it is a marketing scheme for interprovincial and international trade and on that basis is within the jurisdiction of the Government of Canada.

Mr. Woolliams: Perhaps I can come to grips with this problem, Mr. Chairman. If this clause were worded to apply only to crude oil or blended crude oil that had