

ate natural gas liquids, as long as the fractionation took place in a "gas reprocessing plant"—I am reading from the notice. In the notice a gas reprocessing plant was defined as "an installation in Canada at which natural gas liquids are removed from marketable pipeline gas".

Only two plants in Canada, including Dome's Sarnia plant and Chevron's Fort Saskatchewan plant, limit their operations to fractionating natural gas liquids, and as such the exemption provided for in the October motion missed these two plants.

On January 22, 1981 the minister tabled a second notice of ways and means motion which amended the definition of gas reprocessing plant, as the department's news release suggested, to clarify that the exemption "will be available only in respect of fuels used in producing marketable pipeline gas or removing natural gas liquids from gas".

● (1710)

If that in fact was the case, I would not be presenting the amendment today. The fact is that the fractionation of natural gas liquids is a necessary part of producing marketable pipeline gas. Furthermore, those plants that remove the liquids from the gas and then fractionate them are not only capable of but are in fact allocating part or all of the waste heat generated from the removal process to the fractionation process, thus substantially reducing, and in some cases totally eliminating, the need for fuel gas to carry out the fractionation process; and hence, substantially reducing, if not eliminating altogether, the incidence of the fuel gas tax.

This opportunity to allocate the waste heat to the taxable fractionation process does not exist for Dome's plant in Sarnia or Chevron's plant in Fort Saskatchewan, because distance has intervened, making it impossible to recover waste heat from the removal process. In Sarnia's case, 2,000 miles separate the fractionation of the liquids from their removal from the gas stream in plants out west. The net result of both motions is that Dome's Sarnia plant and Chevron's Fort Saskatchewan plant will bear the brunt of the tax on the fuel gas used to fractionate natural gas liquids.

Here, then, lies the discrimination. The amendment that is presently before Your Honour in my name will cure the discrimination without in any way extending the exemption. Singling out Dome's Sarnia plant, a highly fuel-efficient operation accounting for 40 per cent of Canada's production of natural gas liquids, and Chevron's Fort Saskatchewan plant, for imposition of the fuel gas tax, will be viewed by the industry as a disincentive to locate such facilities in eastern Canada, or for that matter anywhere away from where the liquids are removed from the gas stream. Firms that look to Sarnia to build or expand their fractionation facilities should not be faced with the disincentive that Bill C-57's definition of "gas reprocessing plant" would create.

Indeed, as I speak to you today, those plants in western Canada which carry out the dual processing and fractionation function, together with Dome's Sarnia plant, accounting for over 90 per cent of Canada's production of natural gas liquids, are in fact allocating secondary heat recovery to the fractiona-

tion function and are apparently doing so with the knowledge and tacit approval of the Department of Finance.

For example, Petro-Canada's gas reprocessing plant at Empress allocates 100 per cent of its secondary heat to the fractionation part of its operation, thus entirely eliminating the impact of the fuel gas tax on fractionation of the natural gas liquids. Neither Dome's Sarnia operation nor Chevron's Fort Saskatchewan operation have had that opportunity.

I have raised this issue with the department. I am not certain about Chevron, but I know that Dome has raised it with the department. It seems to me that when they recognize the flaw, if you will, in the first notice of ways and means motion, that was the reason for bringing in the second notice of ways and means motion; but it, in effect, is as discriminatory as the first one.

I am not suggesting that any plant dealing in this particular way with the fractionation of material would not locate in Sarnia, eastern Canada or away from the original plant simply because of this tax; but certainly, it is a disincentive. Plants move to areas like Sarnia because there is a market in the immediate environs, and particularly in the United States. There is a better market for them there, and they can work hand in glove with other petrochemical industries in the Sarnia-Lambton area. However, this is a disincentive which impacts solely on two plants in Canada at the present time—as I said, Dome in Sarnia and Chevron in Fort Saskatchewan.

For that reason, we have suggested an amendment, and I have put it on the books, which would eliminate this discrimination, would not in any way extend the exemption which is granted, and would be fair to all plants concerned. They would be able to move or to locate either at the site of the original plant or would be able to move, as in the case of Chevron and Dome, several miles away from the original source. Therefore, I commend this for the House's attention.

**Mr. Gordon Towers (Red Deer):** Mr. Speaker, I would just like to raise a matter of correction as to what the hon. member for Sarnia-Lambton (Mr. Cullen) has said. He is usually an honest, straightforward member of Parliament.

**Mr. Cullen:** Usually?

**Mr. Towers:** However, this time he seems to be just completely off the rails. The reason there are so many amendments to this piece of legislation is simply because it is such an obnoxious piece of legislation. I have never seen anything like this in the House in nine years. Never before has a government implemented a piece of legislation which is as inflationary as Bill C-57 which is before us. The multiplying effect on the cost of living which will result will be tremendous in the next few years. I hope that the backbenchers opposite will see the error of their ways and stop supporting the minister in what he is trying to do, not only to the service industries which we are talking about, but to the Canadian people as well.

The very basic requirement of life, that of heating our homes, will be taxed. Everyone must heat their homes in one