

Oil and Petroleum

cent to a refinery outside the province of Alberta. I assume he markets it through the Alberta marketing board; it is largely a paper transaction. Is it at the time that he designates through the Alberta marketing board where the oil is to go that the price we are now talking about becomes applicable? Is that the situation, or is the situation somewhat different? It would be useful if the minister would clarify that point for us.

Mr. Macdonald (Rosedale): Mr. Chairman, the events in regard to which the statute is intended to operate are set out in clauses 24 and 25. In other words, the provisions relate to oil sold for consumption outside the province of production; oil purchased for consumption outside the province of production, which is the reverse side of the same transaction; the acquisition of crude oil for consumption outside the province of production, really acquiring the title to the particular property that is not a purchase or sale transaction. Then clause 25 refers to acts of transporting, carrying, conveying or moving crude oil out of its province of production. In other words, it requires a conscious act as between buyer and seller for this part of the statute to become applicable; a conscious act to move a particular quantity of oil outside the province of production for consumption elsewhere.

Mr. Douglas (Nanaimo-Cowichan-The Islands): In other words, destined for a place outside the province.

Mr. Macdonald (Rosedale): Outside the province of production. In this sense it is either the purchase or sale transaction, or the transaction of conveyance, or the transaction of transfer which identifies at that point the particular transaction as being one to which the statute applies, and at that point the statutory provisions with regard to price apply.

To deal again with the point made by the hon. member for Calgary North, a transaction between producer A and the Alberta marketing board at that point would be a sale within the province of Alberta between two entities within the particular province and it would not be identified in any sense as an export transaction. It is only when the particular quantity is put up by contract for sale outside the province that the provisions of this part of the statute would apply.

Mr. Andre: Mr. Chairman, I listened to the minister and I agree that that is the intent, or should be the intent, of those provisions. But that is not what the clause says; that is our whole point. Very simply, what happens in terms of crude oil production in Alberta, and I guess most other places, is this. Let me take as an example the Pembina field west of Edmonton, which is a major producer in the province. Oil is produced by a number of wells in this field; there are sub-collection stations among groups of wells, together with tank batteries. From there the oil moves into a bigger collection system owned, I think, by the Pembina Pipeline Company, and it is transported to Edmonton. At Edmonton a portion of the oil is diverted to, among others, the Imperial Oil refinery at Edmonton, I imagine to Gulf and also to McColl-Frontenac's refinery. Some of the oil would be diverted from this pipeline to the Interprovincial Pipe Line system east of Edmonton, and from there piped to markets outside the province. I think

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

there are markets in every province east of Alberta as far as Sarnia.

The fact of the matter is that the oil that is consumed within the province of Alberta is refined at the Edmonton refinery and from there is transported by product pipeline to Calgary, Lethbridge, Peace River and other places in the province for consumption. This oil would have been mixed in the Pembina pipeline, mixed farther back in the collection system, mixed at the tank batteries, indeed mixed as it comes out of the wells, with crude oil intended for export. Clause 20 applies to crude oil that is mixed or blended with crude oil that has been acquired for movement out of the province of production, and therefore it applies to all of the oil from the Pembina field. Exactly the same story can be told in regard to Leduc, Redwater, Fox Creek, Swan Hills—you name it. So in fact clause 20 means that the statute applies to all of the production within the producing province that is intended for consumption within the producing province.

● (1620)

My colleague the hon. member for Peace River alluded to clauses 41 and 42 which state, in essence, that the Alberta marketing commission must be a licensee. I do not anticipate a problem there, but clause 43 provides:

No licensee shall purchase any crude oil originating in an exporting province except at a price that does not exceed the prescribed price therefor at the time the purchase is made or the contract to purchase is entered into.

That means the Alberta government cannot, as an instrument of its policy under this act, indicate that in respect of oil consumed totally in Alberta it would like to pay \$6.75 a barrel. In other words, it cannot pay a little more for the crude oil consumed totally within the province of Alberta, even though we recognize the importance of increasing the cash flow in order to help make this producing industry viable in Alberta, an industry which employs so many people. This might be very good policy and totally within the authority of the Alberta government according to the constitution, yet this clause says the provincial government cannot do that.

Mr. Macdonald (Rosedale): Which clause says that?

Mr. Andre: Clause 20, combined with clauses 41, 42 and 43. This is very clear to me in that clause 43 reads:

No licensee shall purchase any crude oil originating in an exporting province except at a price that does not exceed the prescribed price therefor at the time the purchase is made—

The Alberta marketing commission will be a licensee. If the minister had said that this part applies only to oil entering the international or interprovincial trade, then he would be right. I really do not understand why there is such difficulty, but in clause 20 the minister has gone ahead and included not only the crude oil that enters international or interprovincial trade but also crude oil that is mixed or blended with crude oil that has been acquired for movement to another province.

I would be willing to bet that this means essentially all oil, because all the oil consumed within the province of Alberta is in fact mixed or blended at one time or another with the oil acquired for consumption primarily outside the province of Alberta. I suggest this is wrong and uncon-