

Pipe Lines

whether it would be prepared to construct the western section in 1956 if the government would advance a substantial portion, not to exceed 90 per cent, of the cost of construction, at an interest rate of 5 per cent per annum for a short period. I emphasize that the approach came from the government, not Trans-Canada. Trans-Canada was not in default. It was prepared to wait another year, if necessary, although it was anxious to get started in 1956 if that was possible. The company was unable to proceed with the construction simply because of the fact that the federal power commission had not yet approved the importation of Canadian gas into the United States, and consequently the company was unable to prove to the financial institutions that it had a financeable project.

As security the government asked the Trans-Canada company to mortgage and pledge all its properties, assets and undertakings. It also asked the shareholders of the company to give the government an option on all their shares at a price representing paid-in value less the amounts provided by Trans-Canada for the construction of the western section and interest on the government advance. In the event of foreclosure the government would have the option of taking over Trans-Canada as a going concern or of returning the shares and the assets not related to the western section or the northern Ontario section and proceeding independently of Trans-Canada.

I am pleased to be able to report that the company has agreed to this proposal and that the shareholders, all of whom have agreed in principle, are now in the process of signing the necessary documents. This proposal, if ratified by parliament within a reasonable time, means:

(1) that the western section of the all-Canadian pipe line will be built in 1956;

(2) that, if Trans-Canada is successful in financing the whole line by the date of repayment, namely March 31, 1957, the advance will be repaid and the construction of the remainder of the line will proceed as originally planned;

(3) if, on the other hand, the advance is not repaid by the due date or there is any other default, the government can take over the line and be in a position to take whatever other steps are necessary and approved by parliament to ensure speedy completion.

By this action we will free ourselves not from the assistance of United States capital and know-how, which are valuable ingredients in the building of a natural gas pipe line, but from having to await the decisions of the United States federal power commission.

[Mr. Howe (Port Arthur).]

This proposal offers an opportunity for an immediate start on construction. It gives the Trans-Canada company an adequate opportunity to demonstrate that it can finance the whole of the line. It ensures that the completion of the all-Canadian pipe line will not be further delayed by uncertainties about the decision of the federal power commission. It does not commit us to public ownership, but it recognizes that if there are too many handicaps in the way of private enterprise, the government may have to take over and construct the whole of the line as a national enterprise.

Mr. Coldwell: Do it now.

Mr. Fulton: You are the biggest handicap.

Mr. Howe (Port Arthur): Is the young man from Kamloops being very funny?

Mr. Fulton: Here he is.

Mr. Howe (Port Arthur): I am trying to make a serious statement here. It is a pity that I am not given the opportunity to do so.

Mr. Fulton: You are not succeeding very well.

Mr. Speaker: Order.

Mr. Howe (Port Arthur): In my view the prospect of public ownership of a natural gas pipe line is not one that should arouse enthusiasm. On the other hand, if public ownership is the only way in which this great national enterprise can proceed, we should not refuse to grasp the nettle. In a country like Canada it is of the greatest importance, however, that private enterprise should be given an adequate opportunity and every reasonable facility to do the job.

Mr. Ellis: With government money.

Mr. Howe (Port Arthur): There is still a good chance that the obstacles in the way of private financing will be cleared away before the proposed advance falls due. I believe, in particular, that the United States authority understands the importance to Canada of an early decision with respect to the application now before it for the import of gas from Canada.

I have therefore tabled a resolution in somewhat broader terms than the resolution already on the order paper, although within the same over-all financial limits. As soon as they have been signed, I shall also table the relevant agreements with the Trans-Canada company and its shareholders.

The building of the trans-Canada pipe line is a great national project, comparable in importance and in magnitude to the building of the St. Lawrence seaway. Hon. members will recall that Canada waited for many years for action by the United States that would