

*Northern Ontario Pipe Line Corporation*

Naturally neither this government nor the government of Ontario would be prepared to enable the proposed crown corporation to proceed with any actual construction of the northern Ontario section until the requisite financing for the balance of the Trans-Canada system was assured and its construction program established.

I turn now to the bill itself. It is intended to enable the government to carry out the agreement with Trans-Canada Pipe Lines Limited dated November 21, 1955, and the agreement with the government of Ontario set forth in the exchange of letters between Mr. Porter and myself dated November 21 and 22, 1955. There is no exact precedent for such a crown corporation financed jointly by this government and the government of a province, and it has proven difficult if not impossible to set forth in legislation the respective responsibilities and prerogatives of the respective governments. I wish therefore to state clearly at the outset that, although the language of the bill is more general than the language of the agreements, the purpose of the legislation is to enable the intent and purpose of these specific agreements to be carried out.

As an example, the bill provides for the establishment of a corporation consisting of a president and four other directors to be appointed by the governor in council upon the recommendation of the minister. The agreement with Ontario provides that the government of Canada would be entitled to nominate one more director than the government of Ontario and also, from among these, to appoint the chairman or president. What would happen in fact is that the Minister of Trade and Commerce would recommend to the governor in council the appointment of five directors, of whom two would have been nominated by the government of Ontario.

Similarly, the borrowing powers of the corporation have been phrased broadly, but the intent is to enable the corporation to borrow not only from Her Majesty in right of Canada but also from Ontario in accordance with the agreement with Ontario.

Aside from this one feature of being phrased broadly enough to encompass joint action with a province, and aside of course from the fact that it establishes the first crown corporation to construct and own a pipe line, the bill follows familiar paths and breaks no new ground. It makes the usual provisions for by-laws and related procedural matters for staff, including staff borrowed from the civil service, for the legal position of the corporation as an agent of Her Majesty and for payments in lieu of local taxes. Its powers are

the normal general powers of a company, together with those specific powers required to enable it to construct, lease, and sell the northern Ontario section, which is defined in the schedule to the bill. It is brought under the Pipe Lines Act, as if it were a private pipe line company, with the exception of two sections which would have imposed upon the corporation certain procedures which would have consumed time without conferring any benefit upon the public or the interested parties.

As regards financing, the borrowing powers are, as I have said, a little unusual in one necessary respect. The ceiling on the amount the corporation is authorized to borrow is established to cover the presently estimated cost of the initial pipe line facilities, together with an amount to permit an increase of compression facilities in case these should be required early in the corporation's operations, making allowance for some increase in cost in case the present estimates prove low in relation to costs prevailing at the time of construction. The corporation is brought under those parts of the Financial Administration Act which are appropriate to such a corporation; it must submit an annual budget and its accounts are subject to audit by the Auditor General.

In short, the bill proceeds by tested methods, drawn largely from existing legislation and we believe wholly reconciled with existing legislation, to achieve a somewhat unusual purpose, the joint participation by this government and that of Ontario in the construction and temporary ownership of a vital section of a natural gas pipe line system. What we are here proposing meets the requirements of our established policy. It is a vital link in a plan which would give central Canada the benefit of a secure source of additional energy, and would give Alberta gas producers the benefits both of the central Canadian market and of a market for surplus gas in the United States. We believe this temporary help to private enterprise will benefit both producers and consumers, and will contribute to the continued increase of Canadian productivity. In particular it will make a new and needed fuel source available to a vast area in northern Ontario which could not otherwise have enjoyed its benefits.

Let us not forget that this natural gas transportation and distribution system is by far the largest ever undertaken as a single project anywhere in the world. It is to be expected that time will be consumed and problems will be encountered in bringing the project to completion. Already a great deal of effort and large sums of money have been devoted to it. Passage of this bill will speed up final