

months' notice and the crown company will sell to Trans-Canada Pipe Lines.

That is the most astonishing kind of deal. Here we have the government of Canada tying the hands of the crown corporation even before it has been formed, even before the legislation has been passed to bring about its formation, and saying in an agreement with a private company that the private company can serve three months' notice on the crown corporation and say that it is going to buy this section of the line and the crown corporation has nothing to say about it. Apparently the parliament of Canada will have nothing to say about it. Neither will the government of the day, unless they want to go to court and repudiate their agreement. That is tying the hands of the government of Canada, the parliament of Canada and the crown corporation set up by the parliament of Canada in advance in the interests of a private company.

That in itself would be enough to condemn this kind of legislation, because I feel that if the public treasury is being asked to advance moneys to construct a section of the pipe line, and if parliament is being asked to set up a crown corporation to own that part of the pipe line, then certainly the government has no business entering into an agreement and making a commitment with a private company whereby on 90 days' notice it can buy out the assets of the crown corporation, while on the other hand, if the pipe line is not to the liking of the company it is under no obligation whatever to buy it at any particular time. That is why I say that this is a case of heads they win and tails we lose.

There is another reason why I feel disquieted about this type of legislation and agreement, and the effect they will have on the municipalities. Several times in the debate this afternoon mention was made of the difficulties that Trans-Canada Pipe Lines seem to have had and apparently are still having with respect to raising sufficient private capital to build the pipe line. It would appear that because of that fact they had to approach the government to ask for public moneys to help them build the line. When this matter was being kicked around in the newspapers last year I took the trouble to write a few letters to the heads of some of the municipalities in my province. As a matter of fact I also wrote to the provincial leaders of the various parties in my province with respect to the question and asked what their views were on it. I will not have time to go through all the correspondence, but I have one letter to which I wish to refer because I think it sets out rather clearly what the danger is.

I mentioned that the company claims it is having difficulty finding sufficient private

*Northern Ontario Pipe Line Corporation* capital to build the pipe line. I have a letter here from the mayor of the city of Portage la Prairie, Manitoba, dated March 7, 1955, in reply to a letter of mine setting out the proposal as it then was with respect to Trans-Canada Pipe Lines and asking how in his opinion this would affect the cities and towns in our province on a municipal level. He gave me some interesting information which I think the committee would like to hear. After referring to the way in which Trans-Canada Pipe Lines was set up he went on to say:

A large proportion of the stock of this company is either owned or controlled by Osler, Hammond and Nanton.

This afternoon the minister named Mr. Osler as one of the directors of the company. Osler, Hammond and Nanton are a well known financial firm in the city of Winnipeg. The letter goes on:

Recently this same firm has made application for the incorporation of a gas distributing holding company under the name of Inter City Gas and so far as I know they have a Manitoba charter or they have at least applied for same. The general idea is that this holding company would back or underwrite local distributors in such places as Neepawa, Brandon, Portage, etc., who in turn would form a company to be known as the Portage Gas Distribution Company or the Neepawa Gas Distributing Company. The parent organization, Inter City Gas, would hold stock in each of the local distribution companies. This appears to be leading into a type of monopoly by a financial concern.

In consultation with Osler, Hammond, and Nanton through their own Mr. Osler we have been informed that there is no lack of funds for these local projects estimated to cost in Portage, for example, \$750,000.

Then he goes on to say:

I have begun to wonder just why there is such an abundance of money for the local projects and such a scarcity for the trans-Canada pipe line.

What does that indicate? It indicates that the same financial interest which has a substantial holding in Trans-Canada Pipe Lines, instead of putting its capital into the building of the main pipe line, is prepared to put a large amount of capital into a holding company in Winnipeg for the purpose of acquiring an interest in the various local distribution companies throughout the province of Manitoba. In other words, instead of using their capital, their financial structure and strength to build the proposed trans-Canada pipe line, which they claim they are having so much difficulty financing, they are already going out and making sure they will have tied up not only the main pipe line but the distribution system within the province of Manitoba. They are already in the process of forming a local monopoly before they have even completed their national monopoly.