

*Northern Ontario Pipe Line Corporation*

policy affecting energy produced in Canada. This policy was announced some five years ago in the House of Commons, and was that the policy in connection with natural gas would be parallel with the policy on energy in the form of electricity, namely that energy in the form of gas must be made available to Canadian consumers and that only quantities of gas that are clearly in excess of the present or future needs of Canadian consumers could be permitted to move outside Canada. Having announced that policy the government, in my opinion, has some responsibility for seeing that the means of moving gas to markets available in Canada should be provided. Certainly, we had an interest in that project and we have taken an interest, not a financial interest but we have moved to the extent that we could to encourage the planning of this pipe line.

Early in the history of this scheme a proposal was made, not by the present group but by another—the hon. member for Calgary South will remember—that instead of moving gas from Alberta to these markets by a pipe line, we should allow gas to be exported south from Calgary and recovered in the vicinity of Toronto on an exchange basis. The government was unable to consider that proposal. Then a proposal was received that instead of an all-Canadian pipe line the sponsors be permitted to follow the route of the oil pipe line from Alberta; that is, a route down through the United States. There again the government rejected that proposal and said that gas must be brought to eastern Canada by an all-Canadian pipe line. That position was rather resented in Alberta. The hon. member for Calgary South (Mr. Nickle) has spoken about it in the House of Commons. It is claimed that we are putting an improper tax on the owners of the gas and making the project of supplying that gas to Canadians in eastern Canada uneconomical.

I went to Calgary at the invitation of the petroleum institute and addressed its members there at a dinner meeting. I was warned beforehand that I must submit myself to questioning after the meeting was over. I went there for the purpose of explaining why it is in the national interest that eastern Canada be served with Alberta natural gas through an all-Canadian pipe line. I had the honour of having my friend, the hon. member for Calgary South, sit beside me on that occasion. Whether I was able to convince him that evening, or whether he has seen the light since, I am not sure. But I think perhaps at some stage we have made progress in a meeting of minds on the proper method for distributing western

Canadian gas. I explained the need for an all-Canadian line. I admitted that it would be more costly than alternative plans, but I said the added cost is one of the penalties we must accept for Canadian nationhood. I remember my words. I said: "There is a price on Canadian nationhood. If we always looked for the cheapest way of doing things here in Canada there might have been another state in the United States but there very likely would have been no Canada. From confederation the people of Canada have been very jealous about accepting any monetary advantage that would in any way jeopardize the control by Canada over her own resources."

It was that line that I pursued in my discussion before the petroleum institute. I must say that that position seemed to be accepted by the industry that was gathered there on that occasion; for, following the meeting, there did not seem to be any subject about which they wished to question me; at least, no questions were asked. Since then the government's requirement for an all-Canadian pipe line has been accepted as a national necessity by the industry.

Then, naturally, I have followed the efforts of the sponsors of the pipe line to finance their project. I have discussed the problems with the sponsors themselves, with their bankers and with others who have attempted to assist in carrying out the project. I may say that Premier Frost over several years has been just as interested as I have been to bring about the delivery of gas into his province, and on two or three occasions I have met him, together with representatives of the pipe line company, in an effort to assist the project.

A study of the financial situation indicated that to finance the whole line across Canada, the type of line that we feel is needed for the purpose, would not be possible unless some means could be found to bridge the first three, four or five years of build-up in eastern Canada. Eastern Canada, which has never used natural gas, which in the main had no facilities for using it, presented a problem where time would probably be required before we had a financeable project to place before the banks. Well, how could the government assist in that situation? It was found that by removing the financing of the northern Ontario section, as covered by a section in the bill before us, the remainder could be financed from the inception, and given three, four or five years, the project would be in an earning position that would enable it to buy the government section. An arrangement was worked out by which the government could not possibly fail to recover