

Northern Ontario Pipe Line Corporation

Pipe Lines Limited. The hon. member for Vegreville, who introduced the measure, as reported at page 736 of *Hansard* for February 27, 1951, just over five years ago, said this:

... it is an all-Canadian route and, with the total volume of gas consumed in Canada, complete control will be ensured in this country.

That was the basis upon which that bill was voted on in this house in February of 1951. Then the bill went before the standing committee on railways, canals and telegraph lines. Mr. Frank A. Schultz, representing the company, appeared before that committee on March 6, 1951. At page 10 of the minutes and proceedings of that committee for that day we find the following words of Mr. Schultz:

The second consideration was that it should be an all-Canadian project, that it would be Canadian gas transported over an all-Canadian line, and that 100 per cent of the consumption would be in Canadian cities.

Those are not the words of any hon. member on this side of the house. Those are the words of the man who was asking for approval of their application. That statement was clear enough. That statement was the basis upon which they asked for consideration. It was to be an all-Canadian project carrying Canadian gas over an all-Canadian line with 100 per cent of the gas consumed in Canadian cities.

Then later in the same day Mr. Schultz said this, as appears in the same report:

You may be interested to know about the marketing situation. We are satisfied at this stage that adequate markets exist in the eastern part of Canada to consume all the gas that we can produce and move through this line.

Mr. Chairman, if that statement was made in good faith, what has happened in the meantime? One thing that has happened in the meantime is that Ontario has enormously expanded her industrial production, as has the province of Quebec. The population of Ontario and Quebec has grown at a tremendous rate. The market is very much greater now than it was at the time this statement was made as the basis upon which they sought consideration.

On the same day that Mr. Schultz made that statement, the counsel for the company said this to the committee, and I quote his words from the report:

... it is inconceivable that a company that has gone to the lengths this company has, both in telling parliament and in telling the public, and in spending money in the investigations it has made of markets across the country, and on engaging engineers to survey routes, would with a straight face go to the transport board and say: 'Notwithstanding all we have said, we now want to apply for a route different than we said we were going to apply for'.

Mr. Chairman, is the company coming with a straight face and now saying it cannot finance an all-Canadian pipe line when the opportunities for financing are far greater than they were five years ago? I want to read the next words used by the counsel, and I quote from the report:

Even if they did that, the transport board, I think, would refuse the application because the company would have showed bad faith.

Those are the words of their counsel, not ours; if the company changed from the assertion they made at that time, they would have showed bad faith. That assertion was used to assist the company in obtaining consideration for the application it was making. What of the situation where the company obtained its permission almost entirely on the ground that it could build an all-Canadian pipe line and finance that whole line to supply gas to eastern Canada? If it was not good faith, in the words of the counsel for the company, to change the route, it was certainly not good faith to change their position with regard to financing.

Just when did the company come to the conclusion that it could not finance this northern Ontario pipe line? We have not been told. It was not in the mind of Mr. Clint W. Murchison, the moving spirit behind this company in its early stages, when he wrote a letter addressed to the Minister of Trade and Commerce on March 7 of last year. This is what Mr. Murchison, who has been shown such great consideration by the Minister of Trade and Commerce at all stages in these proceedings, said in the letter he wrote to the minister on March 7 of last year:

We first came into western Canada about five years ago, and at that time we heard of pipe lines to Chicago, Minneapolis and other points south of the Canadian border. We immediately conceived the idea of an all-Canadian pipe line, knowing in the beginning that anyone would take the routes into Minneapolis and Chicago as being much more remunerative and easier to finance, but feeling that the Canadian citizens were of such patriotism that they wanted a fuel system within the confines of their own boundaries to the extent that they would not be subjected to the vicissitudes of American politics. We frankly gave no serious thought to anything but the Trans-Canada Pipe Line and tossed the other routes out as impractical in so far as it concerned the people of eastern Canada.

Mr. Murchison then went on to explain certain other details of what had taken place and he said this. I am quoting from that same letter:

To this end Trans-Canada Pipe Lines has asked the industrial development bank to commit for \$70 million of securities. We are willing for them to couch their terms so stringently that if we are not able to repay them for all the moneys they have advanced by the next five years, we will allow them to foreclose their position and take us out of the picture altogether.