

*Northern Ontario Pipe Line Corporation*

fuel and power could be used to the best advantage in every part of the country.

Fears have been expressed from time to time on this subject. I remember that on many occasions the hon. member for Cape Breton South has pleaded in this house for a national fuel policy because of the fact that, when different forms of fuel and energy come into competition with one another, it can only result in inefficiency and confusion so far as the fuel policy in this country is concerned. With a publicly owned utility on the basis I have described, with the trunk line owned by the federal government and provincial lateral lines and municipal distribution systems, it would be possible to set up a national fuel policy that would result in the best possible utilization, in the most efficient manner and in the best public interest, of all the various fuels that we have in this country. Unless that is done, unless some intelligent planning and foresight is forthcoming at this time, then I predict that we are going to head into the most chaotic condition possible with regard to the various fuels in this country.

In introducing his legislation today the minister gave some of the facts with regard to the agreement that has been drawn up between Trans-Canada Pipe Lines and the federal government, with the co-operation of the Ontario government. The impression might be left that the proposals upon which the agreement is based were proposals made by the company, which the government accepted because it felt that was the only way out. As a matter of fact they appear to be a set of proposals based on the proposals of the minister himself, which I refer to in a letter dated August 30, 1955, from the executive vice president of Trans-Canada Pipe Lines, Mr. Charles S. Coates, to the minister. I shall read the first paragraph of the letter. It says:

Dear Sir:

On August 2, 1955, you spoke to Trans-Canada Pipe Lines Limited on behalf of the government of Canada and after consultation with the province of Ontario to the effect that, in the interest of an early completion of the all-Canadian pipe line, the two governments concerned would be vitally interested in receiving from us a proposal, the essence of which would provide that—

Then it goes on to set out in about 11 paragraphs what would be contained in those proposals as suggested by the minister. I find a very strong similarity, almost an identity, between those 11 paragraphs and the final agreement as it was signed between the company and the government, which means that actually the government went out of its way to approach a private company to offer an agreement that, whichever way you look

[Mr. Zaplitny.]

at it, can only be described as being favourable to the company, with all the risk being taken by the government.

The situation is simply this. As between the government and Trans-Canada Pipe Lines, it is a case of heads you win, and tails I lose. What does the agreement provide for? It provides that the company shall take a lease on this section to be built by the crown company for a period not exceeding 25 years, and pay for it as they use it. There is no guarantee whatever that the government is going to receive anything more than they put into the construction of the pipe line. In other words there is no guarantee of a profit or a surplus to the government. There is no undertaking in the agreement under which Trans-Canada Pipe Lines must buy this pipe line at a particular time. Section 7 of the agreement, which is the clause referring to the purchase of the pipe line, is in these terms:

It is understood and agreed by the parties hereto that Trans-Canada shall purchase the northern Ontario section from the crown corporation as soon as it can arrange the necessary finances.

I should like hon. members to note the last few words, "as soon as it can arrange the necessary finances." That leaves it wide open as far as the company are concerned. It does not commit them to anything. If the pipe line turns out to be an unprofitable undertaking the company can simply say that they have not been able to arrange the necessary finances. They have been quite successful in getting away with that claim for the last four or five years, and they could certainly make that claim again. They have no commitment whatever. On the other hand, the next sentence reads:

Trans-Canada may elect to purchase the northern Ontario section from the crown corporation at any time during the term of the lease by giving written notice to the crown corporation at least three months prior to the date when the sale is to be completed.

Here is the next sentence:

The crown corporation will, following receipt of such notice, sell to Trans-Canada all facilities and assets comprised in the northern Ontario section of pipe line . . .

Then follow various details and terms upon which the sale will be made. That means that while the company makes no commitment to buy the pipe line should it turn out to be unprofitable the government, on the other hand, has a firm commitment to sell on the basis of three months' notice at any time. At any time, in the first year, second year or third year, whenever the company feels like it, it can purchase this section of the line in Ontario on three