

expenses of the Crown Corporation that are properly attributable to such construction.

10. This Agreement shall be binding upon and enure to the benefit of the successors and assigns of Trans-Canada, but no assignment of this Agreement or of any of the rights or obligations hereunder shall be made by Trans-Canada without first obtaining the written consent of the Minister, and in the event of any such consent being given, Trans-Canada shall not be relieved of any of its obligations hereunder; provided, however, that Trans-Canada, without such consent, shall have the right to mortgage, hypothecate, charge or pledge any or all of its rights hereunder to secure any indebtedness, and no such consent shall be required to permit any person holding such mortgage, hypothec, charge or pledge from enforcing such security under the terms of any trust deed or other instrument.

In witness whereof the Minister of Trade and Commerce has hereunto set his hand and the seal of the Department of Trade and Commerce on behalf of Her Majesty the Queen in right of Canada and Trans-Canada Pipe Lines Limited has caused its seal to be hereto affixed and this Agreement to be signed by its proper officers in that behalf.

Signed and Sealed on Behalf of Her Majesty The Queen in Right of Canada

(Signed) C. D. HOWE
Minister of Trade and Commerce

Signed and Sealed on Behalf of Trans-Canada Pipe Lines Limited

(Signed) N. E. TANNER
President

(Signed) A. D. NESBITT
Secretary

MINISTER OF TRADE AND COMMERCE

NOVEMBER 21, 1955.

The Honourable Dana Porter,
Treasurer of Ontario,
Toronto, Ontario.

Dear Mr. Porter:

As we have discussed on several occasions, the building by Trans-Canada Pipe Lines Limited of a natural gas pipe line to follow an all-Canadian route from Alberta to the East has manifest advantages for the whole of Canada and will involve very serious financing problems due to the limited markets initially served and the difficulty of the terrain. These might result in the delay or indefinite postponement of this vitally important project.

I understand that conditioned upon the proposed line passing through Northern Ontario and thus making additional sources of fuel and power available to that area as well as to other parts of Eastern Canada, the Government of Ontario would consider limited participation with the Government of Canada in a plan which, it is hoped, will ensure the construction of the proposed all-Canadian line.

To accomplish this purpose, the Government of Canada proposes and intends to recommend to Parliament the formation of a Crown Corporation to build and own a 30-inch gas pipe line from the Manitoba-Ontario border to Kapuskasing, Ontario, to be known as "the Northern Ontario section", to be built in conjunction with the actual building of the adjoining sections and to be leased to Trans-Canada Pipe Lines Limited. Enclosed herewith is a copy of the agreement between the Government of Canada and Trans-Canada, dated November 21st, 1955 setting forth the terms of the proposed lease.

You have indicated, in response to our proposal, that the Government of Ontario would be willing, on satisfactory terms, to share, through the medium of such Crown Corporation, in the financing of the Northern Ontario section of the pipe line to the extent of one-third of its cost, your participation to be limited, however, in any event to a total of \$35,000,000.

It has been estimated that the Northern Ontario section will cost about \$117,000,000, on which basis Ontario's participation would be its maximum amount of \$35,000,000. We therefore propose that the capital of the Crown Corporation should be called up on the conservative basis of an overall cost of \$120,000,000; in other words, that $\frac{35}{120}$ of the funds required from time to time by the Crown Corporation for the purposes of the Northern Ontario section would be supplied by Ontario and the balance by the Government of Canada, adjustment being made in reasonable time before the completion of the section to ensure that Ontario subscribes its one-third share (not exceeding the total of \$35,000,000) and the Government of Canada the entire balance of the cost of the project.

It is suggested, having regard to the extent of the respective investments of the two governments in the project, that the Government of Canada would be entitled to nominate one more director of the Crown Corporation than the Government of Ontario and also, from among these, to appoint the chairman.

It is proposed that the Crown Corporation should pay interest and repay capital investment to our respective governments in accordance with the following principles: