agreement under which the government would undertake to meet any payments due on the first mortgage bonds that the company was unable to provide out of its depreciation and earnings.

After negotiations with the government of Canada and the industrial development bank, the company announced on March 17, 1955, that it had been unable to negotiate a type of financial assistance which did not result in an agency of the government of Canada being in a position to control the company, and that such an arrangement made it impossible for the company to purchase its gas requirements.

Following these negotiations Trans-Canada applied to the natural gas conservation board of Alberta and to the Board of Transport Commissioners for Canada for extensions of the permits from each body until April 30, 1956. Both extensions were granted.

Over the following months the company worked out a series of arrangements with Tennessee Gas Transmission Company which provide for the export of 200 million cubic feet of gas daily at Emerson for 25 years, the export of a further 100 million cubic feet daily near Niagara Falls, reducible to no export at Trans-Canada's option, and the import near Niagara Falls of up to 90 million cubic feet daily for the period until Alberta gas is available in central Canada. These arrangements, which are of course subject to the approval of the United States federal power commission, at once greatly improve the market position for Trans-Canada from the outset, and permit a more rapid build-up of the central Canadian market than might otherwise be possible. The company has also pressed forward with other sales contracts, notably for the Montreal and Toronto areas but also in the other areas within reach of the proposed pipe line.

Recently Trans-Canada has completed gas purchase contracts with the Canadian Gulf Oil Company and other suppliers for approximately the full amount of the 4·35 trillion cubic feet presently authorized for removal by Trans-Canada from Alberta.

On February 15 Trans-Canada announced that two of western Canada's largest oil and gas producing companies had bought substantial sponsoring interests in Trans-Canada. These companies, Canadian Gulf Oil and Hudson's Bay Oil and Gas, have increased their holdings to 17 per cent each of the founders' shares of the company. Tennessee Gas Transmission Company, which came into the project last November, now also holds 17 per cent of the founders' shares. To make these arrangements possible, the original sponsors, Canadian Delhi Oil Limited and the Western Pipe Lines group, have each reduced their share holdings to 24½ per cent of the total outstanding. Representatives of Tennessee, Canadian Gulf and Hudson's Bay were at the same time added to the board of directors and the management committee of Trans-Canada.

For the purpose of overcoming the difficulties of establishing this longest pipe line in the world, this new management group is a very strong one indeed. The Canadian Delhi group, which first envisaged the all-Canadian line as a practicable project, has been a leading company in proving up the necessary gas reserves. The Western Pipe Lines group brings to the project experience in the development under Canadian conditions of gas utilities and related enterprises. Canadian Gulf and Hudson's Bay bring to it a continent-wide experience in the development of petroleum resources. Tennessee, one of the largest gas transmission organizations in the world, brings resources of personnel, experience and financial strength which are almost unparallelled in this industry.

These sponsors are further strengthened by a board of directors widely representative of Canadian experience in development ventures. Of the 18 directors 11 are Canadians. Their names will be known to most hon. members: Hon. Edouard Asselin, Q.C., Montreal; E. W. Bickle, Toronto; Hon. G. Peter Campbell, Toronto; J. K. McCausland, Toronto; M. A. MacPherson, Q.C., Regina; H. R. Milner, Q.C., Edmonton; A. Deane Nesbitt, Montreal; Gordon P. Osler, Winnipeg; N. E. Tanner, Calgary; Jules R. Timmins, Montreal; J. Ross Tolmie, Q.C., Ottawa. The president is Mr. Tanner, whom of course you know as a former minister of mines in the government of Alberta; Ray Milner is a vice-president and Deane Nesbitt is secretary-treasurer.

The strength of this management group is self-evident. What apparently is not evident, to judge by press comment, is that control of the company is open to Canadians. I wish to put an end to misunderstanding on this point.

I have been in pretty close touch with those who have sponsored this project for the last six years. They have never had any reason to expect any sympathy from this government unless they were prepared to meet the national policy of serving the Canadian market first and unless they were prepared to share ownership and management with Canadians. From the outset the sponsors of Trans-Canada have agreed with that point of view. All the present participants have reconfirmed, in the shareholders' agreement dated February 13 which I tabled on February 20, their agreement that at the time of public financing, the Canadian public will be offered not