

that the government would expect the fact that the lines were being made available at a nominal rate to be reflected in the prices of the petroleum products in the areas.

As to the lines themselves, in the case of the four-inch line a special situation prevails. The four-inch line is largely on the right of way of the White Pass and Yukon Railway, and it was felt it would not be feasible or realistic to think in terms of that line being handled by any company other than the White Pass. That was more or less settled in advance.

Then, as far as the other lines were concerned, it was a case of having two companies, both of which had expressed an interest in using these lines to supply petroleum products to the area. I think as far as both governments were concerned, it was felt that an equitable arrangement would be to give each company a share of the lines available.

Mr. FISHER: In other words a competitive arrangement?

Mr. ROBERTSON: Yes.

Mr. McILRAITH: The cost of transportation of the product is not determined by permitting competitive lines because the pipe line act provides for application to the Board of Transport Commissioners so that there will not be competition. The safeguard will lie in the requirement that they shall be common carriers; the government put that safeguard in.

Mr. ROBERTSON (*Deputy Minister of Northern Affairs and National Resources*): I am no expert on the pipe line business but I should have mentioned, as Mr. McIlraith did, that it was made a condition in each case that the lines would be a common carrier.

Mr. McILRAITH: That is right.

The CHAIRMAN: Any other questions?

Mr. SMITH (*Calgary South*): The only question is whether or not any other company have shown interest because it seems to me what we are looking at here now, is, first of all, it would seem somewhat conditional on this bill being passed for the present company which is now making application to have assurances that the bill would be passed so that they would be able to be in a position to negotiate for the Canol line. Otherwise, what we are doing by passing it is placing them in a competitive position so they can negotiate for it. I assume that is right.

The CHAIRMAN: Can you answer that Mr. Robertson?

Mr. ROBERTSON: On Mr. Smith's question there was a third company that indicated an interest, Trans-Border Pipelines Ltd. Each company, as I mentioned before, was asked to indicate what it proposed to do if it got the line, and it was felt on examination that the proposals of the two companies that were written in December 1956 were definitely the best proposals.

Mr. SMITH (*Calgary South*): Perhaps I can word it this way: while I am sympathetic towards this application, I would not want it felt that purely because it was done in the past that this company should, therefore, automatically fall heir to the line in competition with the others.

Mr. ROBERTSON: No, it would be definitely a matter for government action. As I mentioned before there has been no agreement with the companies because the lines are not yet in title of the Government of Canada.

Mr. SMITH (*Calgary South*): Assuming that to be the case, that the line was eventually under the control of the government.

Mr. ROBERTSON: Then there is a letter of intent to each company as to what the government would propose, but the conditions have not been spelled out, except in certain matters such as the requirement that they would operate as common carriers.