

Private Bills

fairness to the contributing guarantors that the maximum rate payable should be increased. The suggestion is to increase the rate from 3 to 6 per cent per annum. The rate of 6 per cent has been selected to avoid further amendments to the statute.

Hon. members might be interested to note those who have contributed to this guarantee fund which is referred to in the section to which amendment is sought come from all across this country, from British Columbia to the east coast. This guarantee fund which has been established under the section now amounts to \$572,150. The contributors are not only private persons but also other co-operatives. For example, some of the contributors are: Maritime Co-op Services, Manitoba Pool Elevators, Federated Co-operative Limited, Alberta Livestock Co-operative, Central Alberta Dairy Pool, and there are other co-operatives in each province right across the country.

At the present time the company is doing increasing business across the nation—in Alberta, in British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and Saskatchewan. Many earlier years of hard work resulted last year in a favourable financial position being established at a time when trade in general in this particular line of endeavour had been difficult. In the words of the superintendent of insurance, the company has done amazingly well in a tough period.

I point out to hon. members who may wish to have further information that this particular co-operative is not one of the co-operatives which enjoy tax relief under section 68 of the Income Tax Act. This company has the same status for income tax purposes as every other Canadian fire and casualty insurance company; it pays taxes on its net income for the year at the regularly prescribed rates; it is not a marketing or producer co-operative as defined in section 73 of the Income Tax Act.

Having made these general remarks, I hope the house will see fit to approve the passage of this bill through second reading in order that this amendment, which will be favourable to this co-operative—a section of the great co-operative enterprise of this country—may go forward.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

FOOTHILLS PIPE LINES LIMITED

Mr. P. B. Rynard (Simcoe East) moved the second reading of Bill S-16, respecting the Foothills Pipe Lines Limited.

[Mr. Jones.]

He said: This is a bill to incorporate Foothills Pipe Lines Limited into a dominion company with its head office in Calgary. The foothill areas in the province of Alberta, like some other areas in this province, have a wet or sour type of gas as opposed to the dry type of gas, the usual type we have been dealing with. In this sour type of gas there are large amounts of hydrocarbon and hydrogen sulphide besides the natural gas. These products are separated from the natural gas.

When the production of gas in the province was a small operation and mostly involved the dry type of gas, it was quite possible for the small producer to extract and store the hydrocarbons and hydrogen sulphides, but the production of gas has now increased to the point where it is no longer feasible to do this. When the hidden production potential is considered it is obvious that new methods of handling must be devised, if we are not largely to lose the sales of these by-products. Furthermore, markets must be found outside Alberta for the sale of these by-products of gas. After a great deal of investigation, the economic and research statisticians feel that the cheapest method of handling is by pipe line to those parts of the country where it can be utilized in that area or shipped by boat to markets elsewhere—rail is much too expensive to carry these by-products.

There are various areas to which it would appear feasible to pipe. First, there is the great lakes areas of Fort William, Superior and Milwaukee. This would tap a market from these distributing centres of approximately two million tons. Second, there is the Pacific coast area, where the market is expected to reach between 250,000 tons and 350,000 tons. The third area would be the Chicago and St. Paul area now largely supplied from Texas and Oklahoma. This is an expanding market, and there are good prospects of selling these by-products there, particularly the lighter hydrocarbons—propane, butane and pentane. The propane will largely be used for heating and cooking, the butane for cooking and upgrading gasolines, and the pentane as a low grade gasoline.

Hon. members may ask: how can sulphur be shipped as a liquid in a pipe? It is done by compressing the gas into liquid hydrogen sulphide. It is obvious that hydrogen sulphide will be transported by separate pipe and that the hydrocarbons—propane, butane and methane—could be transported in the same pipe. The question might arise: why not ship by freight? First, the freight rates would be too high. Second, the necessary equipment would be too costly and, third, the cars would likely have to dead-head back