an order for return. I want to comment on certain aspects of this proposed company.

First of all let me deal with the proposed capitalization. The total is $376 million, made up of first mortgage and other bonds of some $282 million, subordinated debentures of $47 million and common stock of $47 million. The financing of this corporation is following along completely parallel lines the financing of similar corporations in the United States. The reason for that is very simple. The smaller the amount of equity capital, the greater the profits which can be distributed to the holders of that equity capital. These gas pipe lines in the United States have been notoriously successful financially. Large bond issues have been floated, the bonds have been paid off and those who held the equity stock, the common stock, the risk capital—call it what you will—have made really fantastic profits out of their venture.

There is a rather interesting aspect to this business of common stock. As I have said, it is going to be $47 million, or precisely 12½ per cent of what this company calls its proposed capitalization. This is made up of 750,000 shares at $8 a share to the founders. That is a total of $6 million. There are 4,208,800 shares at $10 to the public, but at only $9 to the company, which represents $37,879,200. Then we have a third type of share, and rather an interesting one. The company proposes to float what it calls subordinated debentures, and these debentures are going to cost those who can buy them $53.32. The debentures will cost $50, and attached to each debenture there will be a share of common stock in this company, which will be sold at $3.32. I am sure that there are not many Canadians who will be able to buy subordinated debentures with the privilege of buying shares at $3.32.

Now let us find out from the estimates given by the company just what sort of financial return is going to accrue to those who will invest their money in Trans-Canada Pipe Lines. At the back of this document there is a series of exhibits or schedules, and they are worth some examination. The first schedule I want to examine is that which projects income on the basis of sales of 183 billion cubic feet a year, which amounts to approximately 500 million cubic feet a day. We know that as of now Trans-Canada Pipe Lines has contracts for 340 million cubic feet per day: 200 million cubic feet south of the border and, on the minister's word which I accept, 140 million cubic feet already in Canada. If the need for gas in eastern Canada is as great as it is said to be, and I believe it to be so, then within a very few years, perhaps a matter of months, this discrepancy between 140 million cubic feet and the 300 million cubic feet which would be necessary to bring the total flow up to 500 million cubic feet a day will disappear. Within a matter of a year or so, I submit, this company will be carrying 500 million cubic feet a day, which is the equivalent of 183 billion cubic feet a year.

On that basis we have a projected financial statement. In 1960, on the basis of 183 billion cubic feet, the company expects to pay to the ordinary shareholders who invested $10 each, 5 per cent per annum, and to the founder shareholders 6 plus something per cent per annum, and to the preferred shareholders who bought their shares at $3.32 about 15 per cent per annum.

One would think that for a public utility that was an adequate and fair return. There is nothing at all wrong with this projection from the point of view of the safety of the whole proposition. After all, Trans-Canada will be a monopoly, and if it goes through it is going to be extraordinarily profitable—but even much more profitable than this projection would suggest, because there is still another projection, this time on the basis of 235 billion cubic feet a year. That would mean that approximately some 650 million cubic feet per day would be flowing through the pipe. We will have a pipe line in western Canada which can carry at least 720 million cubic feet.

Two hundred million cubic feet will disappear at Emerson. The other five hundred million will be used to service Canada. It might well be within the bounds of possibility, if the need is as great as we are told it is, that the sales of this company will be close to 235 billion cubic feet within a very short number of years. But in that case what happens to the profit and loss situation of this corporation on the company's own projection of income?

By 1962 they anticipate that the government will have been paid back and that after all depreciation has been charged, after all bond interest has been paid and after income tax has been paid, the sum of almost $10 million will be available to those who have invested their money in equity capital in this company. Those who were responsible for this projection suggest that the dividends in these years would be in the neighbourhood of 15 per cent to the person who paid $10 a share; almost 20 per cent to the founders; and to those inordinately fortunate people who bought the shares at $3.32 the dividend would be equivalent to 45 per cent.

Are we entitled to think those figures are correct? On the say-so of the Minister of Finance the other night I think we can accept them, because the minister was very optimis-