





Canada. Parl. H. of C. Standing  
Comm. on Railways, Canals and  
Telegraph Lines, 1952.









SESSION 1952  
HOUSE OF COMMONS

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STANDING COMMITTEE  
ON  
RAILWAYS, CANALS AND  
TELEGRAPH LINES

*Chairman: H. B. McCULLOCH, ESQ.*

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 1

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Bill No. 62 (Letter O of the Senate)  
An Act to Incorporate Boundary Pipeline Corporation

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FRIDAY, APRIL 4, 1952

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WITNESS:

Mr. Robert Herring of The Fish Engineering Corporation, Houston,  
Texas.

STANDING COMMITTEE  
ON  
RAILWAYS, CANALS AND TELEGRAPH LINES

*Chairman:* H. B. McCulloch, Esq.,

*Vice-Chairman:* H. P. Cavers, Esq.,

Messrs.

Applewhaite,	Fulton,	Mott,
Beaudry,	Garland,	Murphy,
Bertrand,	Gauthier ( <i>Portneuf</i> ),	Murray ( <i>Cariboo</i> ),
Beyerstein,	Gillis,	Mutch,
Bonnier,	Gourd ( <i>Chapleau</i> ),	Nickle,
Bourget,	Green,	Nixon,
Browne ( <i>St. John's West</i> ),	Harkness,	Noseworthy,
Cannon,	Harrison,	Pouliot,
Carroll,	Healy,	Richard ( <i>St. Maurice-</i>
Carter,	Herridge,	<i>Lafleche</i> ),
Casselman,	Higgins,	Riley,
Chevrier,	Hodgson,	Robinson,
Churchill,	James,	Rooney,
Clark,	Lafontaine,	Ross ( <i>Hamilton East</i> ),
Conacher,	Low,	Shaw,
Darroch,	Macdonald ( <i>Edmonton</i>	Stuart ( <i>Charlotte</i> ),
Dewar,	<i>East</i> ),	Thatcher,
Eudes,	MacNaught,	Weaver,
Ferguson,	McGregor,	Whiteside,
Follwell,	McIvor,	Whitman,

A. L. BURGESS,  
*Clerk of the Committee.*



ORDERS OF REFERENCE

TUESDAY, March 18, 1952.

*Resolved*,—That the following Members do compose the Standing Committee on Railways, Canals and Telegraph Lines:—

Messrs.

Applewhaite,	Fulton,	Mott,
Beaudry,	Garland,	Murphy,
Bertrand,	Gauthier ( <i>Portneuf</i> ),	Murray ( <i>Cariboo</i> ),
Beyerstein,	Gillis,	Mutch,
Bonnier,	Gourd ( <i>Chapleau</i> ),	Nickle,
Bourget,	Green,	Nixon,
Browne ( <i>St. John's West</i> ),	Harkness,	Noseworthy,
Cannon,	Harrison,	Pouliot,
Carroll,	Healey,	Richard ( <i>St. Maurice-</i> <i>Lafleche</i> ),
Carter,	Herridge,	Riley,
Casselman,	Higgins,	Robinson,
Cavers,	Hodgson,	Rooney,
Chevrier,	James,	Ross ( <i>Hamilton East</i> ),
Churchill,	Lafontaine,	Shaw,
Clark,	Low,	Stuart ( <i>Charlotte</i> ),
Conacher,	Macdonald ( <i>Edmonton</i> <i>East</i> ),	Thatcher,
Darroch,	MacNaught,	Weaver,
Dewar,	McCulloch,	Whiteside,
Eudes,	McGregor,	Whitman—60.
Ferguson,	McIvor,	
Follwell,		

(Quorum—20)

*Ordered*,—That the Standing Committee on Railways, Canals and Telegraph Lines be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon; with power to send for persons, papers and records.

TUESDAY, April 1, 1952.

*Ordered*,—That the following Bill be referred to the said Committee:

Bill No. 62 (Letter O of the Senate), intituled: "An Act to incorporate Boundary Pipeline Corporation".

FRIDAY, April 4, 1952.

*Ordered*,—That the quorum of the said Committee be reduced from 20 to 12 members, and that Standing Order 63 (1) (b) be suspended in relation thereto.

*Ordered*,—That the said Committee be empowered to print from day to day, such papers and evidence as may be ordered by the Committee, and that Standing Order 64 be suspended in relation thereto.

Attest

LEON J. RAYMOND,  
Clerk of the House.

## REPORT TO THE HOUSE

FRIDAY, April 4, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

## FIRST REPORT

Your Committee recommends:

1. That its quorum be reduced from 20 to 12 members, and that Standing Order 63 (1) (b) be suspended in relation thereto;
2. That it be empowered to print from day to day, such papers and evidence as may be ordered by the Committee, and that Standing Order 64 be suspended in relation thereto.

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*

## MINUTES OF PROCEEDINGS

FRIDAY, April 4, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11 o'clock a.m., the Chairman, Mr. H. B. McCulloch, presiding.

*Members present:* Messrs. Applewhaite, Bonnier, Browne (*St. John's West*), Carroll, Carter, Cavers, Dewar, Follwell, Fulton, Gauthier (*Portneuf*), Gourd (*Chapleau*), Green, Herridge, Higgins, Hodgson, Lafontaine, Macdonald (*Edmonton East*), MacNaught, McCulloch, McIvor, Mott, Murray (*Cariboo*), Nickle, Pouliot, Riley, Shaw, Stuart (*Charlotte*), Weaver, Whiteside.

*In attendance:* Mr. Duncan K. MacTavish, Q.C., Parliamentary Agent; Mr. Robert Herring, representing the Fish Engineering Corporation, Houston, Texas.

On motion of Mr. Carter,—

*Resolved*,—That Mr. Cavers be Vice-Chairman of the Committee.

On motion of Mr. Applewhaite,—

*Resolved*,—That the Committee recommend that its quorum be reduced from 20 to 12 members.

On motion of Mr. Cavers,—

*Resolved*,—That the Committee recommend that it be empowered to print, from day to day, such papers and evidence as may be ordered by the Committee.

The Committee proceeded to consideration of Bill No. 62 (Letter O of the Senate), "An Act to incorporate Boundary Pipeline Corporation".

Mr. MacTavish was called, heard and questioned.

Mr. Herring was called and questioned.

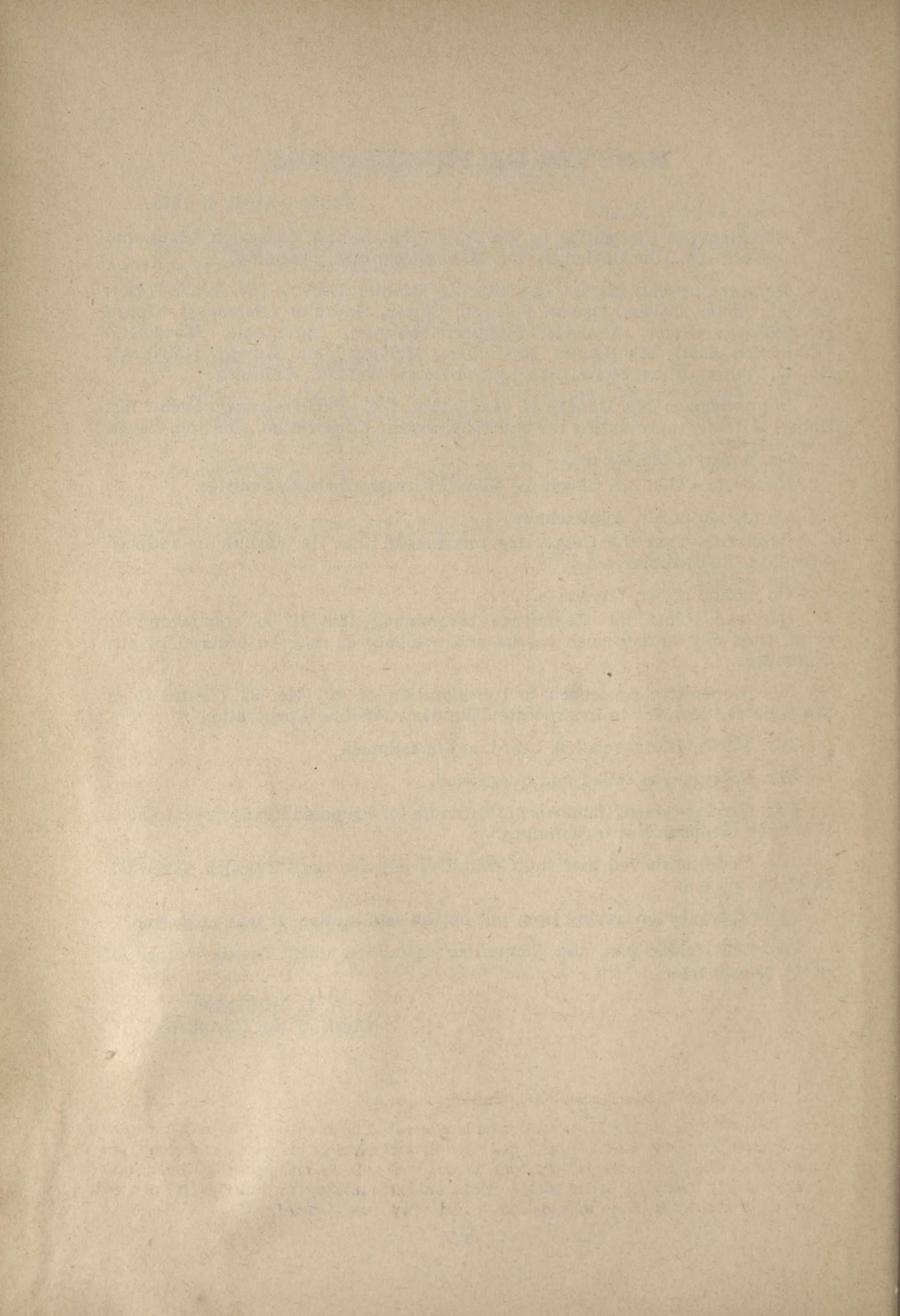
Mr. Herring tabled "Engineering Estimate for Proposed Transmission Facilities from Medicine Hat to Winnipeg".

Mr. Hodgson moved that the Committee adjourn until Tuesday, April 22, at 11 o'clock a.m.

And the question having been put on the said motion, it was negatived.

At 1.05 o'clock p.m. the Committee adjourned until Tuesday, April 8, at 11 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



## EVIDENCE

APRIL 4, 1952.

11:00 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. This morning we are to examine Bill O of the Senate, an Act to incorporate Boundary Pipeline Corporation.

I want to refer to our order of reference:

*Ordered*,—That the Standing Committee on Railways, Canals and Telegraph Lines be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon; with power to send for persons, papers and records.

*Ordered*,—That the following Bill be referred to the said Committee:—

Bill No. 62 (Letter O of the Senate), intituled: 'An Act to incorporate Boundary Pipeline Corporation'."

Mr. GREEN: May we have copies of the bill?

The CHAIRMAN: Yes. They will be distributed. Now, I would like to have a motion for the appointment of a vice-chairman.

Mr. CARTER: I would move that Mr. Cavers be appointed our vice-chairman.  
Motion agreed to.

The CHAIRMAN: I would also like a motion that the quorum be reduced.

Mr. APPLEWHAITE: I would move the quorum be reduced from 20 to 12.

Mr. CAVERS: I would move that the committee have the power to print its minutes of evidence and proceedings from day to day.

Mr. BROWNE: Would it not be better for us to have one motion at a time?

The CHAIRMAN: Yes. Those in favour of reducing the quorum to 12 please signify?

Motion agreed to.

Now I would like to have a motion about the printing of copies of the minutes.

Mr. CAVERS: I would move that the committee be empowered to print from day to day such papers and evidence as may be ordered by the committee.

Motion agreed to.

The CHAIRMAN: We now come to a consideration of Bill No. 62, letter "O" of the Senate, an Act to incorporate Boundary Pipeline Corporation, and I introduce to you Mr. Duncan K. MacTavish, Q.C., parliamentary agent for the promoters.

**Mr. Duncan K. MacTavish, Q.C., called:**

The WITNESS: Mr. Chairman and honourable gentlemen, I hope I can make my remarks very brief. I will ask the Chairman's permission and your permission to call evidence on matters which you will be interested to hear, more particularly having regard to the route and the ability to finance the project; so my remarks will be introductory and very, very, brief.

I would like to say that this bill is a bill in the form required by the Pipelines Act which was passed by parliament two years ago and, as you gentlemen know, there is a model form of bill provided for under that Act and this bill generally follows that scheme. As with all pipeline bills passed by parliament this bill gives only capacity to the company to do the things indicated in the bill, but it gives no power beyond that. As is the case with all previous bills, there is nothing exclusive or pre-emptive in the bill. The bill, if it goes through, is designed to give capacity to this company to do the things that are stated in the bill can be done; namely to build a pipeline for the transmission of gas. As you gentlemen also very well know this company, before it can do anything in terms either of financing or building or constructing the pipelines must obtain the approval of the Board of Transport Commissioners to the project. As I think you gentlemen also well know there is a most careful investigation made by that body before any leave is given. The fact is, I think, that only in two cases have pipeline companies up to date passed the requirements of the Board of Transport Commissioners.

I think that I should mention also that if there is any question in the minds of any members of this committee as to the adequacy of the limitations in the bill, so far as the main line of the pipe being within Canada is concerned, we are perfectly happy to accept amendment in that regard. The reason that the wording that has been inserted in most bills does not appear in this bill is that some of us who perhaps are a little legalistic with respect to the words which have been used are not all agreed on the meaning; but, in any event, it can be stated here and now that the purpose of this bill is to give capacity to this company to build a pipeline in Canada. I think, gentlemen, that is all I need to say at the moment.

Mr. HODGSON: You are not going outside of Canada?

The WITNESS: No, sir. I think that is all I have to say except to make one comment; that is on the point that may be in the minds of some members here. When we were before the Senate committee our sponsor in that House before that committee indicated in his statement personal view with respect to later subsequent development in terms of barter—to use it in a rough sense—the barter of gas between Canada and the United States. But, he stated, this was his personal views and not given as indicating the views of the promoters in any way. I thought it worth while to mention that here because, as I have stated, the bill as before you, gentlemen, is to provide capacity to the company to build its main line in Canada.

As I say, Mr. Herring, of the engineering side, is here, and I think that with great advantage to the committee he could be heard. We also have Mr. A. I. Matheson of Dominion Securities Corporation, who are interested, or will be interested in the financing of this company; and he will be glad to answer any questions or make any statements on that phase of the matter.

I think, Mr. Chairman, unless there are any questions members feel should be directed to me, that is all I need to say.

Mr. HERRIDGE: Mr. Chairman, I would like to ask a question.

The CHAIRMAN: Yes.

*By Mr. Herridge:*

Q. Do I understand correctly that the lines of this company are to be entirely within Canada? Is the arrangement that this pipeline is going to be built to a point on the border and then an American company will take it over from there?—A. That would be a possibility, sir; but, as you understand, that would be only possible in the event of there being an exportable surplus of gas in Canada; and I think very recently there was a radio

announcement—yesterday, I believe it was—of a statement emanating from the province of Alberta, which I think puts beyond any reasonable doubt the situation with respect to exportable surplus gas in that province; so I think from that point of view, sir, it is academic. We can go to the border, certainly; that is perfectly true, if there were exportable supplies of gas that we could carry right to that point.

Mr. HIGGINS: And could you supply the United States lines at that point?

The WITNESS: Well, Mr. Chairman and hon. members, might I repeat the statement I made in connection with Mr. Herring being available to give evidence. Also, we have here for circulation for your examination a booklet giving the whole story. But in brief answer to your question, the line will run from Medicine Hat or thereabouts across the provinces of Alberta, Saskatchewan and Manitoba to Winnipeg.

Mr. McIVOR: May I ask a question? Are you going to stop at Winnipeg? And, have you enough money to go ahead, and enough gas, to go on to Fort William and Port Arthur? Is that going to be possible?

The WITNESS: That is a question which would be better answered by Mr. Herring who will follow me.

*By Mr. Green:*

Q. Mr. Chairman, rising out of the question just asked by Mr. McIvor, as I read the bill you are not asking any power to build a pipeline in the province of Ontario at all. Is that correct? You are only asking to build in Alberta, Saskatchewan and Manitoba or outside Canada, so that, obviously, it is not the intention of this company to build a pipeline in the provinces of Ontario or Quebec. Is that correct?—A. That is correct, sir.

Q. And if you decide to export gas to the States you would do that by means of an agreement with American subsidiaries. Is that correct?—A. Yes. I think it is fair to say that, yes; I think so. I should not limit that to the term subsidiary. I do not think we would want to accept that sort of limitation. There would be a wide variety of possibilities of what could develop, certainly.

Q. You would have to make a deal either with a subsidiary or with an associate American company, is that correct?—A. Yes, except that I would not like at this point, sir, the plain implication there of limiting us to an associate or subsidiary. We would, if we wanted to do that, do it with someone in the United States—I don't want to quibble about the thing.

Q. No, no; but with some American company?—A. Yes, that is quite right.

Q. Now, Mr. MacTavish, you said that when the Honourable Mr. Wood spoke on the second reading of this bill in the Senate— —A. I was referring, sir, to what he said in committee. He may have said the same sort of thing in the Senate chamber.

Q. You said that he was only speaking for himself?—A. That is right.

Q. Giving his personal opinion?—A. That is right.

Q. Now, I would like to read you from Senate *Hansard* just what he did say on second reading of the bill. This will be found at page 56 of Senate *Hansard*:

As the bill indicates, it is the intention of the company to transport oil and natural gas from Alberta across Saskatchewan and Manitoba, generally in an easterly direction, following the route of the Canadian Pacific Railway, provided, of course, that in the meantime exportable surpluses are not available in Saskatchewan. In such case the pipeline would probably start at the western border of Saskatchewan, pass

through Swift Current, Moose Jaw, Regina, Brandon, and Portage la Prairie to Winnipeg, and thence to the American border, but no further, unless surplus supplies justify the transporting of oil and gas beyond the border. I may say that no decision has been reached as to the point on the American border where the pipeline will end.

Now, do you say that that was an inaccurate presentation of the plans of this company?—A. I would not want to challenge it in any way, Mr. Green; I would prefer to adopt the qualification that the Honourable Senator himself made in committee when he said practically that same thing. But even in the remarks that I made a few moments ago I went almost as far, I think, in answer to a question when I said that, by way of a line, it could be that this company would go to the border.

Q. You say now that it could be that the company would go to the border. Senator Wood said in his evidence quite clearly that it was the intention to go to the border and he made that more certain by saying that he was not sure which point on the border they were aiming at.—A. Yes sir.

Q. There seems to be a difference between your statement this morning and that; it is not just in line with the statement made by Senator Wood.—A. No. I think I might clarify that, Mr. Green, by this one short comment; I think it would be more fair to say that if Senator Wood, speaking at that time, had known what has transpired since in the province of Alberta it is quite likely, I think, that he would have put some qualifying points into his statement, because since that time—I mean, events move very quickly in matters of this kind—in the last few days there has been a pretty definite statement given out by Alberta, quite aside from whatever amount of development there may be in Saskatchewan; and that, I think, is not known, even in terms of forecast yet; there does not appear to be any exportable surplus of gas in that area from which this line starts, sir.

Q. Can I say then that this statement by Senator Wood represents the intention of the company up to the time the Alberta conservation board brought in its findings?—A. I will accept that if it were put in that way.

Q. I am putting it to you in that way now. It is a perfectly straight question and I would appreciate a straight answer.—A. I know it is. I think I should say a word on this. Let us put it this way. If there were an exportable surplus of gas, obviously this company would be happy to make its transmission line available for the purpose of forwarding any exportable surplus.

Q. What you mean then is this, that if you can get permission from the Alberta government for sufficient gas you plan to export it to Minnesota?—A. No. I think that is going further, Mr. Green, than the promoters of this bill intend. I think what they intend, as indicated clearly from the bill, is to obtain capacity from parliament to build themselves a pipeline generally speaking from Medicine Hat to Winnipeg in terms of a main line. They will accept, as indicated, any limitation that this parliament wishes to impose in respect to the main line being exclusively and only in Canada—and it is perhaps futile to forecast too far ahead into the future—if in future there was a situation in which it was in the interests of Canada economically to export gas I would think they would not now wish to accept limitations which might in future prevent them from doing that.

Q. Of course, by saying that the main line would be in Canada; in saying that you are going on the basis that that would not prevent them making a deal with an American company to export gas?—A. Yes, I think that would be a fair thing to say, Mr. Green.

Q. You see, Mr. MacTavish, I believe that there is a very, very broad basis; and that is that Ontario and Quebec are anxious to get gas in quantity, and



apparently, if not surely, they are going to have to rely on the Americans, on some supplemental body or some private body in the United States, to get what they need, and that being the case they will get only what is left after the Americans use what they require. I believe that is the broad issue which figures in this plan and that is why I am so interested in it.—A. Yes, I appreciate that, sir; that is the broad issue, Mr. Green; and if I might venture to comment, I think it is one that in the final analysis must be held down to and solved by the economics of the situation as it develops.

Q. Well, your plans are definitely lined up on the side of making Ontario and Quebec get their gas by some sort of a deal with the United States.—A. There is recognition, Mr. Green, by many people, I believe, in this industry that the economic situation having regard to a carrier from Manitoba north of the Great Lakes—that there are difficulties there that are obvious to all of us who are familiar with the geography there, and which at the moment make it look economically difficult to bridge that area. Now, that is why I say that I think the economics of the situation are going to be the determining factor in the solution of that problem.

Q. Well, you know that there was a charter granted last year to a company known as Trans-Canada Pipeline Limited?—A. I do, sir.

Q. And that company was to build a natural gas pipeline from Alberta right through Canada to Montreal, serving prairie points, serving towns and cities in northern Ontario—which, by the way, are growing all the time and getting more important—also serving various centres in Ontario and in the province of Quebec, and possibly even down to Quebec City. Now, you realize that there was a company set up in connection with that proposition—A. I realize that, yes.

Q. I am simply asking you whether this is a fair statement of the situation: that your applicants for incorporation are lining themselves up on the other side, and the inevitable result of that would mean that Ontario and Quebec could only get their gas by making some sort of a deal with their United States carriers.—A. I would have to answer that question, gentlemen, in the negative, because—let me put it this way: the company, Boundary Pipelines, as I say, does not take, perhaps the view, that they with their facilities at this time are able to launch a program of the magnitude of the one to which you have just referred; ours is comparatively a modest financial venture; if I may say so, a very modest proposition; and it is designed to serve the provinces of Saskatchewan and Manitoba and that portion of Alberta through which its pipelines will pass.

Q. You are not asking any power to build a pipeline into the province of Ontario?—A. That is correct, sir.

Q. Mr. MacTavish, what is the connection between the applicant's position in the charter and the men behind the Prairie Transmission Lines Limited, which was incorporated in 1950?—A. I would have to point out, Mr. Green, that I do not know about that; it may be that Mr. Herring, on the engineering side, will know about it; but I know of no connection, although there may be one.

Q. Who is behind this present application in addition to the Saskatchewan men who are named in the bill?—A. Again, Sir, I have to answer your question by saying that I do not know.

Q. But could you find out for me?—A. I shall endeavour to do so, sir, yes.

Q. For example, who is Mr. Wilson of Toronto?—A. Mr. Wilson? I think you must have in mind Mr. Wilton.

Q. Mr. Wilton?—A. Yes; he is a solicitor, sir, and in this connection I have acted under his instructions. That is correct.

Q. Would it be asking too much for you to find out just what other people are behind this application, and what connection there would be between this company and Prairie Transmission Lines Limited, which got a charter in 1950?—A. I shall endeavour to do so, sir.

Q. Could you tell us which New York or other American financial house is behind this application?—A. In my opening remarks I said that we have with us here today Mr. Matheson of Dominion Securities which is, as you know, a Canadian company. That is the organization which will do the financing of this company which, as I indicated, in terms of pipe line companies, is modest. As you know, these pipe line companies deal in very substantial sums of money, but this is a comparatively modest sum in comparison.

Q. What American financial houses are associated with them in this plan?—A. We shall tender Mr. Matheson as a witness. I do not know that. I do know Dominion Securities well, as a Canadian company; but I do not know of any American affiliates.

*By Mr. Cavers:*

Q. Mr. MacTavish, you mentioned geographical difficulties that would arise between Winnipeg north and Lake Superior. What are the geographical difficulties, and would they present an insurmountable problem in bringing a pipe line to Ontario?—A. Mr. Herring will be able to give you a much more intelligent answer to that question than I can, Mr. Cavers; I must say that I am no expert, but I have been involved in a certain amount of pipe line business, and in conversations which I have had with pipe line people, it seems to me to have been pretty well the consensus of opinion that the long carriage from where there are no large areas to be served is such that, economically, it puts an incredibly heavy load on the financing of the project.

Mr. APPLEWHAITE: Did not the Royal Commission on Transportation say the same thing about the railways?

The WITNESS: In fact that has been said frequently about railways, and it comes up constantly in freight rate problems, that long carriage, with no market reserves creates a great problem.

Mr. CARROLL: Yes, and I think their idea is correct.

The WITNESS: I think so. There is no doubt about it.

Mr. NICKLE: Could you give us any information as to what would be the actual load factor of a pipe line from southern Alberta running as far as Winnipeg. Your submission is based upon a range of load factor of 80 per cent to 100 per cent? Actually, I think the load factor might be considerably lower than 80 per cent, which would result in much higher transmission costs.

The WITNESS: That is a question which I am not qualified to answer, but Mr. Herring, I am sure, can, and he will be following me. I am sorry that I cannot answer your question, but I am just not that good.

*By Mr. Higgins:*

Q. You said that there does not appear to be an exportable surplus of gas, did you not?—A. There is a statement, although I have not seen it in writing, or in the press; but it has been reported to me as having been given over the radio yesterday, that there was an announcement from Alberta to the effect that generally speaking, you might say, in the southern area of Alberta the Board there has taken the view that there is not an exportable surplus.

Q. In other words, from my point of view, Mr. MacTavish, because I have very little knowledge of the matter, the area you are going to pipe this gas from has no exportable surplus at the present time?—A. According to the most recent statement.

Q. Is that statement from the Alberta government or from where?—A. The statement emanated from the Conservation Board; it has not yet had the imprimatur of the Government of Alberta placed upon it but it has nevertheless been published. I do not know whether it was published in an informal way or simply allowed to be stated. Probably Mr. Nickle knows a great deal more about it than I do.

*By Mr. Nickle:*

Q. Assuming that gas may not be available from southern Alberta—you are quite correct in saying that the Conservation Board did state yesterday that there is not at the present time an exportable surplus in southern Alberta, but that of course, is at the present time—But assuming that gas could not be obtained from southern Alberta, what area would be your probable source of gas supply?—A. The answer generally, again from a non-technician, would be southern Saskatchewan.

Q. Have you considered the attitude of the Saskatchewan government towards the utilization of its own gas in Saskatchewan for transportation by lines built by the Saskatchewan government?—A. Yes, sir, that has been considered, not that it fell within my terms of reference, but I think that it has been considered by Mr. Herring, on the engineering side, and I believe he has had certain conversations with officials in Saskatchewan.

Q. You say that Mr. Herring will deal with that point?—A. Yes.

Mr. APPLEWHAITE: I wonder if you would allow me to ask Mr. Nickle when he refers to the Alberta Conservation Board and their statement that there is not an exportable surplus, would he make it clear to the committee whether that means "exportable" from the province, or "exportable" from the dominion?

Mr. NICKLE: The Conservative Board in its report tabled by premier Manning a few days ago indicated that in its opinion the present proved reserves in Alberta were 6·8 trillion cubic feet, and that the demands for Alberta over the next 30 years would be 4·3 trillion cubic feet, which leaves a fairly substantial reserve over and above the requirements for the next 30 years; but after carefully surveying the location of the existing reserves, the Conservation Board, in its own wisdom, decided that there is no single reserve in the southern or central portion of Alberta which would justify export at the present time from that part of Alberta either to other provinces or to the United States. The Board did rule that in the Peace River region, a territory of fairly small population with no large local demand for gas, 210 million cubic feet would be made available to West Coast Transmission, on a five year basis, of 42 billion feet a year, which is enough to look after Vancouver. The Board in its report did quite clearly state that its decision is based upon the picture as it exists today, and that it is subject to change as the development of additional resources may warrant. The Peace River area gas now allocated will not be adequate to go into the United States; but again, that picture may change very rapidly.

*By Mr. Green:*

Q. There is one other question I would like to ask you, Mr. MacTavish. How much money has been spent by the applicants to date in connection with this project?—A. I think I can find that out for you immediately. I am instructed that about \$25,000 has been spent.

Q. You say \$25,000?—A. Yes.

Q. I asked you that question because, in the case of most of the other applicants for a pipe line charter, the applicants had gone to a good deal of expense in having surveys made, and checking routes, and checking markets; and in some cases I think the expenses ran into several hundred thousand dollars. But in this case, you say there has only been about \$25,000 spent?—A. That is correct, sir, and I think that is comparatively consistent with what I have said previously, and when you look at the financial picture. With the possible exception of Canadian Montana, which had a very little Canadian-owned line at the Canadian end of it, this is much the most modest of any of the schemes I have seen in terms of dollars.

Q. But it will cost quite a few million dollars?—A. Yes, but in pipe lines, these figures are astronomical.

Q. To Winnipeg alone this would cost nearly \$30 million.—A. Yes, I think the correct figure is around \$28 million.

*By Mr. Carroll:*

Q. You mentioned a moment ago that there were two pipe lines for the transportation of gas or oil which got the green light after investigation by the Board of Transport Commissioners?—A. Yes.

Q. So those lines which were incorporated a year or so ago from the west to Montreal have been under consideration by the Board of Transport Commissioners.—A. The two I had in mind are these—and I speak subject to correction, but within my own recollection—the first one was the Interprovincial Pipeline which as you know was sponsored or partially owned by Imperial Oil, and it received parliamentary approval, and it went to the Board of Transport Commissioners. The only other one—and I speak from some knowledge, because we had a watching interest in the matter—was the Canadian Montana one last year, in which case for defence purposes Alberta passed special legislation approving the export of gas. We came to parliament and we got the capacity to build pipe line from southern Alberta to the Montana border and then we went to the Board of Transport Commissioners and the Department of Trade and Commerce and the whole thing was completed. I believe those are the only two which have gone through all the process, and are in operation.

*By Mr. Higgins:*

Q. Do you plan to carry oil as well as gas in this line?—A. Not in this line. Having heard evidence about it I believe it is not a successful operation to pass both gas and oil through the same line.

Q. Then are you planning to build another pipe line to carry oil?—A. Not at the moment. But if that were done, I believe the economics call for a line being put in the same ditch, but not in the same pipe, so to speak.

Q. Is it being planned now?—A. Not so far as I know.

Q. Your company would be interested in oil?—A. Not so far as I know.

Mr. NICKLE: Has any economic study been made by your group as to the economics of a pipe line terminating at Winnipeg?

The WITNESS: Yes, and Mr. Herring will cover that point in his brief, sir.

The CHAIRMAN: Thank you, Mr. MacTavish. Does the committee now wish to hear Mr. Herring?

Mr. GREEN: Mr. MacTavish will get me the answers to some of my questions?

The CHAIRMAN: Yes, I will see that you get them, Mr. Green.

Mr. MacTAVISH: I have a note of them.

**Robert R. Herring, of the Fish Engineering Corporation, Houston, Texas, called:**

The WITNESS: Mr. Chairman, and hon. gentlemen: since the presentation of a week or two ago before the Senate committee on Boundary Pipeline application for its charter, as has been mentioned, there have been some developments. I wish to clarify in your minds the motives of the company, the development of this company, and the reason for its application. And I think I can best outline that by giving you the recommendations which my engineering company—with which I am associated—has given.

We have been very active in the Alberta gas picture, both with this company and with the Prairie company, as mentioned by Mr. Green—and may

I pause to qualify our company one step further. We as a company have built three of the major gas pipe lines in the United States, including the Trans-continental Gas Pipeline System from the Mexican border to New York City; the line from Texas to Chicago; and Mr. Fish, President of the company, built, as Vice-president of the company, the Tennessee Gas Transmission Company, which is the largest operating company of its kind in the field today. So our company is qualified in this particular field and we are available on a consulting basis for testimonial work of this nature.

The advice we have given to Mr. Wilton, President of the Boundary Company and his associates in that company, has been, for almost a year now, that Alberta is still lacking in sufficient reserves, based upon their own analysis of their own requirements through the next 30 to 50 year period possibly, for one of these major programs.

The application made before the Alberta Conservation Board was based on a survey showing there was an excess of two trillion cubic feet of natural gas in reserve. The brief is based on a pick-up of 75,000 MCF, that is, 75 million cubic feet of gas per day. And we expect that a pipe line system should operate on 85 per cent load factor, on the basis that there is available steam generating loads to maintain that load factor.

In respect to steam, there is a small pipe line operating in Texas where the load is almost identical, and one large steam generating plant has been maintaining that load factor for us, so we have used it as a parallel with respect to our recommendations here. You will have probably 85 per cent of service with two steam generating stations, on what is known as an interruptible basis.

*By Mr. Nickle:*

Q. Where are these steam generating plants to be served located?—A. There will be a small one at Swift Current, at Moose Jaw, at Regina, and at Winnipeg.

Q. What would be their volume requirement?—A. As to the volume requirement, I have handed out all my copies; but the volume requirement for our Winnipeg steam generating plant is  $3\frac{1}{2}$  million; at Swift Current it would add to the capacity of the pipe line at that point; 8 million at Moose Jaw—I am just giving you this from memory and subject to some correction; and 16 million at Regina; and at Winnipeg, the station is 22 million. Then we have an additional industrial load volume at Winnipeg on an interruptible basis which would supplement that particular station.

Q. What would the industrial load at Winnipeg be? What do you anticipate?—A. The over all design of the company is to offer for re-sale to utilities 50 million per day in the first year of operation. The industrial portion of that, the industrial sales would be 16-million per day, and the balance would be between 85 million operating load and the 50 million a day—I believe that figure is possible from steam generating, but may be on an interruptible basis, as well as from two other industries.

Q. Are these generating plants prepared to take gas on an interruptible basis?—A. At a favourable price, yes, sir.

Q. What price would you say it would be at Winnipeg?—A. Our early assumptions based on early discussions with respect to interruptible price would be approximately 22 cents, which is below the price of competing fuels, and is based on maintaining a constant volume over the interruptible period.

*By Mr. Browne:*

Q. You say 22 cents. For what?—A. For one thousand cubic feet. And by starting out with a program which would supply Saskatchewan, Manitoba,

and the cities in the southern part of this province, we would come more nearly to meet the present situation in Alberta and we would have a program which could be expanded in the future.

The present economic situation which must necessarily govern our recommendations to Boundary Pipelines has regard to the marketing of Alberta gas. And I quoted from the Alberta records before the Conservation Board of the Trans-Canada Company in their testimony before the Alberta Board, to the effect that they expected to have a price to the market through their system of 50 cents per thousand cubic feet. The analysis which their company made and which we made in eastern Canada is that nearly three quarters of the industrial markets of Canada pay for their fuel a price above 43 to 44 cents. Their price was approximately 6 cents higher than the competitive fuel price of any pipe line of this nature, because the pipe line would be carrying an industrial load during its initial years, and while they are getting people to establish gas in their homes.

Accordingly, our feeling is that there are economics which at the present time preclude the consideration of marketing Alberta gas in eastern Canada. Therefore we have recommended to our client, both because of that and because of the fact of the present reserve situation in Alberta, that they can base their program entirely on this 28 million a day pipe line to serve the provinces at this time.

There is no reason why this particular problem should be further delayed in receiving natural gas by means of a major program from Alberta which could possibly include eastern Canada. I emphasize that with one additional statement: at the present time Saskatchewan is undergoing an extremely active exploration program. In fact they have out there more than 30 rigs in addition to others which will be moving in as soon as the winter has gone.

Therefore, with their present program which looks extremely promising at this time, for gas reserves in that province, the Provincial government is extremely optimistic itself. They are going ahead with their program cautiously, but nevertheless with optimism. So with that development there may be a reserve of gas some 300 to 400 miles nearer to eastern Canadian markets than is the case now, and it may be that there will be a surplus available to transport that gas to eastern Canada which fact would bring the price down to the extent of that 6 cents. That 6 cents represents 100 to 150 million of the 20 year period which the consumers must try to bear. There is no industry to accomplish that. Therefore, in our opinion as an engineering company, until that pipe line can deliver gas at competitive prices, we cannot recommend to any client to consider that project. We have at all times known of the situation in eastern Canada and central Canada, and I should say that there is a possibility of such a pipeline only with a subsidy from the federal government. We have been quite frank in stating that without a subsidy it is not possible. As an engineering company we do not think there is any other way of doing it.

Mr. McIVOR: Then that gives us all the assurance we need that there will be no extension from Winnipeg to Ontario or eastern Canada.

The WITNESS: I could not speak for the company in that regard. My advice to the company would be this—and I think that the Board of Transport Commissioners would be governed by the reports which have been put before them by these companies, and the general feeling is, as I understand it, that to require them to go across northern Ontario in order to carry services to these provinces would be extremely difficult at the present time because of the economic difficulties of constructing a pipeline through that part of the country known as northern Ontario. If, however, it turns out to be economic to go to eastern Canada I have no doubt that some company will go to eastern Canada at that time; I mean, at any time when it is shown to be economical to build a line down there to serve eastern Canada. As things stand at the present

time as an engineering company we would not recommend to any insurance company the investment of the large sums which would be required for the building of such a project. I can only speak from an engineering and economic viewpoint with regard to this pipeline. Now referring back to the situation in Alberta. You see, the present intention is that this pipeline will serve the provinces of Saskatchewan and Manitoba. Their own reserves preclude the export of large quantities from southern Alberta at the present time, but these producers, the producers in that area, are undoubtedly now encouraged by the statement that gas from Peace River sources can now be released. When that additional gas becomes available in the Peace River additional pipelines will be put in operation, and that will be very encouraging for those in southern Alberta, if their program is successful, because that will mean they will have additional gas which they will be allowed to sell as well as their own products there. It is discouraging to delay a project unduly and Alberta has been very much aware of that problem. For instance, the Gulf Oil Corporation own the Pincher Creek field where they have a potential reserve of two trillion cubic feet of recoverable gas, sufficient to serve their customers for a period of 20 years. At the present time the Alberta board have recommended to their government that that field be held in reserve for the province. And now, what are they setting as their requirements? Their forecast is that at peak load that volume of gas would be used up by 1968. And now, that company has some \$6.5 million invested in that field at the present time and the delay until 1968, at 4 per cent, is going to represent a 68 per cent increase in carrying charges in their investment. It is discouraging to an investor to have to sit back and wait until their program for development of a field can be proceeded with. They will be in a much better position as and when additional reserves become available. Our point is that with this company we can initiate at the very earliest moment, either from these reserves in Alberta or from reserves developed in Saskatchewan, a pipeline system to Winnipeg. If the reserves found in Saskatchewan prove to be material this pipeline to go further must extend into the United States at that point; and, if sufficient volume can be developed we will be able to carry that gas to you at Port Arthur and Fort William, if it is sufficient to justify the extension there. It is purely an economic question, as to who the pipeline will actually serve. As a pipeline grows and expands and facilities increase, and if these gas reserves come in in Saskatchewan and Peace River and we can extend this system to eastern Canada, this company will undoubtedly be in the race with all the other companies; but, as I said, it is going to be a very expensive proposition, a very serious investment, to build a line crossing the country north of the Great Lakes, through northern Ontario, to serve the area further east in Ontario and Quebec. We have been very much discouraged by the technical information we have available on it and we have made some investigations, but as pipeliners today we think we can build them anywhere it is worth while. They can be built, but it cost a certain amount of money and that money must be repaid. Gentlemen, that, very briefly, is the recommendation that I have made to our company; that our company, with knowledge of the situation in western Canada, have made to the boundary company. Their program is a relatively small program as pipelines go. It would initiate service to Winnipeg and Saskatchewan and would expand, would make provision for expanding to meet future needs of a larger population.

Whether that develops or not, it is a sound engineering and economical company in its present form. The application to build the pipeline itself will be in the usual form, an application to the Board of Transport Commissioners it will take the usual form. It may be that there will be applications later on with larger reserves available to extend the pipeline service beyond what is at present contemplated, and such an extension will be in order.

*By Mr. Whiteside:*

Q. You have indicated that the price for this gas would be 22 cents per thousand cubic feet, would that be the same all along the line?—A. No. That is the interruptible sale price. We note that on page 2 of our report. You will see from our report that that will be 85 per cent of the operating load factor, and the average sale price would give us a return of 6.5 per cent on the investment, or 28 cents. The proposed average sale price that we have been discussing with people in western Canada is 30 cents in Winnipeg and 25 cents in Saskatchewan. That would be the wholesale market price delivered to the city gates of the distribution system. We would, of course, sell to the various distribution systems along the line on the same relative terms. What that means is that they must take their consumer deliveries and send them to some customer, with the right to take that back available to them, depending on the average sales in any one year. For instance, the customer signs a contract to take a certain amount of gas during the year; for example, a steam generating unit, or something of that kind. They have the right, the interruptible right, to take it back when it is not needed by such a plant, and when they do that they sell it at 22 cents, which would be a slight loss, but it would still maintain a reasonable flow, or supply of gas, which they are holding available to the customers on this route.

Q. Would you be able to give us an estimate of your annual sales and the possible development say in the next two or three years?—A. It would not be a rapid growth on this pipeline, not the rapid growth that you have seen in other pipelines. The growth per year during 6 years of operation over this line would be 12 to 13 million feet of gas per day.

Q. The growth per year, you say?—A. Yes sir. And now, that growth can be maintained somewhat without increasing these pipeline facilities by use of standard peaking of material; otherwise known as L.P.G., or liquid petroleum gas; so that when we have more customers on this pipeline if additional supplies have not been developed, additional gas can be drawn from these reserves and in that way the flow could be maintained. That is the system which is used where gas is not available in sufficient volume.

*By Mr. Nickle:*

Q. On page 1, under the heading "Peak Day Sales" you indicate a total average sales per day of 74 million cubic feet. Does that represent your anticipated peak in operation on your pipeline to both industrial and domestic users?—A. Yes, that does.

Q. And you have a total of industrial load to steam generating plants and certain industrial institutions amounting to 66 million cubic feet?—A. Available in the cities served?

Q. Available in the cities served.—A. Right.

Q. At 85 per cent of load capacity you estimate that your average sales would be roughly 63 million feet a day?—A. That is right.

Q. That is on page 2. It would be somewhat less than your industrial load and would run very close to your peak daily load. Could you give us some information as to your probable domestic sales and also your estimate for domestic use?—A. Well, sir, with the exception of 16 million a day, and of 4 millions in Winnipeg—and, again, I cannot give you any very complete information on this market, but on the basis of firm sales—

Q. That would be your industrial load?—A. That is the firm sales. That leaves 34 million a day on a peak day volume required in the second year of operation in domestic and commercial use. That domestic and commercial use will actually operate on about the 28 cent or 29 cent rate, so that the balance



of that particular load would be made up as nearly as possible out of interruptible sales. In order to give you more complete information on that I would prefer, possibly later on this afternoon, to give you any additional details by reference to my notes.

Q. Have you your notes with you here?—A. No, they are down at the hotel.

Q. You could let us have them later on then?—A. Yes sir.

Q. I would like to raise a number of questions dealing with that, getting down to the actual economics of the pipeline.—A. Fine.

Q. Your base or terminal point is Winnipeg?—A. I am not familiar with the order of procedure. Could we have a break for lunch and I could get my notes for you during that time?

Q. I will need some refreshment myself. In the meantime let us go on with other questions here. We have an anticipated expenditure of just over \$28 million. Now, that would be a line of what diameter? Would it be 16 inch or 25 inch? Your main transmission line will be of what diameter?—A. The section of line which we show actually consists on the map—it starts out with 16 inch line—it is 16 inch line all the way.

Q.—All the way?—A. Yes.

Q. What would be the maximum movement over a 16 inch line?—A. With one station of 2,640 horsepower, 75 million a day. That pipeline capacity could be increased by the addition of compressor stations en route, through the 16 inch pipe, by approximately 195 million cubic feet a day.

Q. You could step it up to a peak of 195 million cubic feet?—A. Yes, that is on the basis of 800 pounds operating pressure.

Q. To go beyond 195 million cubic feet a day it would be necessary to lay a duplicate line, would it not?—A. No sir, not entirely. You would begin loading in the station in the low pressure section of the line and you would loop with a 16 inch line.

Q. To what extent could you go by looping to increase capacity before the cost of looping would reach an uneconomic point?—A. It would depend entirely on the amount of market available and the amount of gas we would have available. If we suddenly had a large volume of sale and at the same time an increase in demand; it would take, before this pipeline could be expanded beyond the growth of the system, a large volume of business and reserves—we would undoubtedly use these facilities immediately and would add a lot of new stations, and we could do that without any great difficulty.

Q. That would mean duplicating the investment or laying a parallel line at a considerably higher cost than the initial service?—A. No, sir; I don't agree. To increase the capacity of your pipeline you increase the facilities en route, you have to add additional facilities to serve additional people en route; and during the period you will have amortized back a portion of your investment in this pipeline from the earnings of the pipeline company. That is the theoretical basis on which you would operate; and I understand your public utilities commission follow the same system of depreciating the line. You would, of course, have a part of that depreciation to apply to the construction of any additional facilities you might require up to the point required to meet the demand by the market. If the market goes beyond that demand you could still take advantage of the full capacity of your line. And now, suppose you have additional sales created by this pipeline, and suppose not only demand but reserves become suddenly available in Saskatchewan, let us say for the export of gas, or for taking it down to eastern Canada, and you want to extend your line to bring that gas down to eastern Canada, you would utilize your existing facilities to capacity.

Q. Mr. Herring, I am one of those who have a very strong personal belief in the future of Alberta and I also think that Saskatchewan is going to have very considerable reserves, very large reserves of gas, which are going to be available over the next period of years greatly to expand the export of gas beyond Alberta, I also believe that the gas from Alberta, and perhaps western Saskatchewan, could very well serve all available markets as far east as Montreal. Whether that is done on an exchange basis with the United States or by the construction of a line across Canada is beyond our capacity to say right now. The point I am trying to get at is this: if you build a pipeline of low capacity as far east as Winnipeg, over a 20 year period that line would use approximately 460 billion cubic feet of gas, a small part of the total gas reserves now in sight in Alberta. By the extension of your line southward and by the addition of pressure stations you say you could step up your capacity to 195 million cubic feet a day. From the probable gas reserve standpoint would be piffling. If your line will only carry 195 million cubic feet per day it is going to be necessary to duplicate your pipelines in order to provide facilities for going further into eastern Canada, or into the U.S. Midwest. That will result in the total cost of the pipeline system which will be far higher than if initially a pipeline were built with a diameter of pipe capable of handling 350 million to 400 million of cubic feet of gas per day.—A. I don't agree with you Mr. Nickle, and I think I can show you. I will give you two examples; the Kansas-Nebraska Pipeline Company started out its first pipeline with 6 inch diameter pipe and they were able to deliver 280 million cubic feet. That pipeline company is now delivering some 300 million cubic feet of gas per day, I said 6 inch that is correct. That is one of the major operating companies of some 10 of the major pipeline companies in the states. As far as I know there is only one company in any event, operating with larger sales of gas than that company and that was the Natural Gas Pipeline Company of Chicago. Now, the other example is with regard to the trans-Canada application with a 50 cent price. That price was for every cubic foot of gas sold from that pipeline whether it be 10 miles from the point of origin or whether it be 2,170 miles from the point of origin. We have established a pipeline company which will sell gas at competitive prices to the provinces of Saskatchewan and Manitoba. That is much cheaper gas and will be sold at a price which will serve the market.

Q. Mr. Herring, you are not telling me that trans-Canada pipelines are going to charge the same price in Saskatchewan and Manitoba as they do in Ontario?—A. I am quite sure there is no such intention, but the last figure which I quoted was the figure which they quoted on the stand in testimony; and that was with regard to the amount of money required to operate each year based on the total sales of the pipeline each year, which resulted in the 50 cent price, which is total sales. And now, my point is—if I could add this one thing—that as a pipeline progresses and develops a higher type of market it is going to improve the operating position and it is going to improve very rapidly, say during the first five years, until it becomes a sound operating company about the third year. Having gone through that and developed additional markets in the area it will be in a position to build larger pipeline facilities. I believe that as an engineer, and will say, that if the expansion and demand and available gas is sufficiently substantial there will be nothing in the way of developing a major pipeline at that time. That would be my judgment.

Q. That 85 per cent load factor is based on an average sale price of 27.93 cents. That is the sale price?—A. That is right.

Q. You have an interruptible load price of 22 cents at Winnipeg?—A. That is right.

Q. What is the interruptible load sale price to steam generating plants in Saskatchewan, at Swift Current, Regina and Moose Jaw?—A. May I correct myself there before you go further? That 22 cents is the interruptible price in Saskatchewan.

Q. What would your price be at Winnipeg?—A. We tried to maintain approximately 20 per cent between the average sale price and the interruptible sale price, because of the competitive situation. The proposed rate at Winnipeg is 30 cents, which is slightly below the competitive—30 cents, it is below that, it would be 24 cents for the interruptible price at Winnipeg.

Q. The interruptible price at Winnipeg will be 24 cents and at Saskatchewan points it will be 22 cents?—A. It might be possible at Winnipeg to give a little better price. We could consider that.

Q. What would your peak price be for the domestic consumer?—A. Our peak price would be—

Mr. BROWNE: With all due respect, Mr. Chairman, this is all very technical and many of us do not know very much about it. I wonder if the witness would explain what he means by this expression "interruptible" price.

The WITNESS: That is the price at which the pipeline company will sell to the distributor. That is the wholesale or "gate" price. The load factor is up to the distributing company. Say our price from the pipeline company will be 30 cents to the distributing company, they sell this—again, this is highly technical—they will give a commodity rate to purchasers, which means exactly this: for every 1,000 cubic feet that they fall below the average day take—the peak day average, rather—they are penalized in price by the amount of their drop. When we sign a contract with a customer he agrees to take a certain "load" per day depending on the condition of his market. Let us take the case of a customer who agrees to take 50 million cubic feet per day at the demand price. He has the right to demand that volume each day. For that he pays the demand price. Then if the volume of gas he actually takes exceeds that amount he pays another price; which means that if he takes the full demand volume the year round he pays the 30 cent price; if he takes only half that amount during the year he is penalized by that reduction, the amount of that reduction in the load factor which he tries to maintain.

*By Mr. Hodgson:*

Q. Why is he penalized?—A. Because he has not been able to take his contract requirement under the demand and commodity rate.

Q. He pays a higher rate, in other words?—A. Yes.

Mr. APPLEWHAITE: In other words he has not taken the peak volume for which he has contracted?

The WITNESS: That is it, he pays on the basis of the peak volume contracted for.

*By Mr. Follwell:*

Q. I was very much interested in what Mr. Nickle had to say about deliveries at Winnipeg, I wonder if you could tell us what the arrangements are with respect to distribution at other prairie points? Does your company make arrangements for distribution?—A. No sir. As I understand it, there is a discussion going on between the government of Saskatchewan and various cities at this time as to how best to proceed with distribution systems. It will undoubtedly be one of those two agencies; either the city concerned or the government of Saskatchewan.

Q. Would you have to have a guarantee before you supplied service to a given point from your pipeline?—A. Yes, before we would undertake delivery we would have to have a firm contract with some distributing firm.

*By Mr. Cavers:*

Q. Have you any firm contract for deliveries at the present time? Do you do that?—A. No, sir; our company does not. That has become the practice in western Canada largely today. It is a matter which is considered between the companies involved, and a great deal depends on what Alberta says with regard to the export of gas.

*By Mr. Nickle:*

Q. Mr. Chairman, getting back to this matter of prices again. What I am trying to arrive at is the means of determining this average sale price of 27.93 cents at the 85 per cent load factor. Using your figures for the interruptible price, I am dealing now with the wholesale price of 22 cents in Saskatchewan and 24 cents in Winnipeg, and the price for domestic consumption of 30 cents at Winnipeg. From your figures on steam generating plants and industrial load, industry is going to receive I would say the biggest percentage of the annual volume going through your pipeline at prices of 22 cents and 24 cents.—A. I am still not making myself clear. We will sell in this pipeline company to the distributing companies who, in turn, will sell to the customers. On the basis of a maintained load factor the price which the pipeline will require will be 25 cents in Saskatchewan, with a full operating load factor, and 30 cents in Winnipeg. Now then, all these sales of interruptible gas will be made by the distributing companies, and the estimates to which you are referring are based upon estimates which have been made of operating costs.

Q. So the operations of your company in Saskatchewan will be framed on a base gate price to the distributor of 25 cents?—A. Yes.

Q. And the wholesale price will be somewhere around 22 cents?—A. For interruptible service.

Q. For interruptible service, and a somewhat higher price for domestic consumers?—A. That is true. In other words, your domestic customer is somewhat penalized for the cost of maintaining stand-by facilities in order to have gas available for heating purposes in the winter time.

Q. I understood you to say that you have your price structure in printed form down at the hotel?—A. Yes sir.

Q. I would like you to bring that with you for our next meeting.—A. I will be glad to bring it.

Q. Now then, getting back to the source of gas again. Granted of course that until the Alberta Conservation Board approves export of gas from southern Alberta, you cannot count on getting gas from that part of the province. Have you, like some of the other pipelines sponsors, made any effort to tie up, or to open up new gas reserves in Alberta; or, have you taken any steps to explore for or develop gas reserves?—A. We have been trying for some months to make a contract with Britalta Petroleum Limited, a company that has large reserves in the Medicine Hat field and from Deep Rock. We think that we are being favourably considered by them, in the event that Alberta does not allow any major volume of gas to move to the Pacific north-west.

Q. Have you completed a contract with them?—A. They signed a contract that calls for a very large volume of gas to pipeline systems which would serve the Washington and Oregon areas. That has been before the Alberta government but there has been no action on it up to May 15. We have been discussing it with them on the basis that if that does not materialize, and we

don't believe it will; then we would like to be in a position to contract on a much smaller basis than what we have in mind here in order to serve cities in the neighbouring provinces.

Q. Have you already made, or do you intend to make any effort to explore or develop the gas reserves of those areas?—A. We know that area. And, to get back to the matter at hand, the Boundary Pipeline Company—our recommendation to them is not to go into a drilling program themselves.

We feel that a pipe line company should be operated on a sound business-like basis, with a certain capitalized investment structure, on which an investor can realize certain earnings, and we believe that the basis of the company should be so established that the consumer may know just what he is going to have to pay for his gas. But if he gets into the drilling business, it is an investment from which the investor does not know how much he can earn.

Q. I realize that a pipe line company does not of itself go into the exploration or drilling for oil; but in this case we already have another company following the same route and hoping to serve the same markets.—A. Yes, but with the exception that it has much larger proposals.

Q. But this company, Western Pipelines, is sponsored by a group which for some years has taken quite an active part in the exploration for and the development of oil and gas in Alberta. Of course, they are already one stage ahead of you, because they are already incorporated.

In comparing the merits of the two proposals for the same route, do you not think that weight should be given to the part played by the sponsors of the pipe line projects in carrying out exploration and development of gas resources?—A. I am going to give you my frank opinion, and I may say that it is only my feeling. But I believe that the pipe line company which proposes to supply the area proposed to be served on the soundest and most economical basis should receive prior consideration with reference to its situation. Further, the Boundary Company, in proposing to serve only Canadian cities in its initial phase, constitutes a project which merits premier consideration. And if the oil fraternity is to be extended to cover a share of it, then I think you have gone too far.

Q. To go into the third alternative for eastward export from the Prairie provinces. The third proposal, which is also already incorporated, is the Trans-Canada Pipeline Company, backed by residents of your home state, Texas, through their operating company, Canadian Delhi Oil. They have spent something in the order of somewhere between \$7 million and \$9 million on exploration for gas, and have made, I think, eight or nine gas discoveries in Alberta. And I believe their volume of gas reserves discovered is something over 600 billion feet, and is intended to serve in part their proposed pipe line into eastern Canadian and the prairie markets which are contemplated to be served by your line. Now, obviously, not more than one pipe line should be built in line with presently available markets either in the prairie provinces or in eastern Canada; and there again we come to the same problem of the weight which should be given to the part played and the moneys spent by the sponsors of Trans-Canada in an effort to develop their project designed to serve Canadian markets.—A. I would not want to discount the Delhi Company at all because they are one of the very finest companies in the United States, and they have been one of the most active companies of gas that we have had in the United States. I think their motive in drilling is to sell the gas. I do not think they should have a monopoly of the pipe line business, which is the marketing of that gas. And I think that if their proposals were identical with ours, it would only be logical to concede all that part of their gas which is under their absolute control, if they have a prior position in the marketing of the product. But my feeling in regard to

the Trans-Canada project is that they ask for 350 million cubic feet of gas per day, and that is not available. But I think there may well be this 75 million cubic feet per day.

As to any other pipe line being built, I would have to point out the problem with respect to Murphy gas of Texas, where we now have nine major pipe line companies. And if we take 75 million of the market going east, we have offset somewhat the economics of a line all the way across to eastern Canada; and at the same time when sufficient volume is available, if the market exists in eastern Canada, the line can be built for that gas to go to eastern Canada without consideration of this matter. But we qualify that to this extent: you have got to find gas nearer to eastern Canada than you have got it today in order to get it there.

Q. You mean at an economical price?—A. Yes.

Q. Or else you have got to have enroute, markets such as Winnipeg, Regina, and Moose Jaw?—A. That won't do it today in our opinion. It seems to me that you are penalizing Regina and Winnipeg, if that is the attitude of the Government of Canada.

Q. I am interested in all the pipe lines and I am trying to bring out the factors relating to all of them than can be used as a guide by this committee in arriving at their conclusions; it seems to me that in planning a pipe line east we must either think "small", which means they only serve the prairie cities as far as Winnipeg, or we must think "large". that is, on a larger scale, and serve the large mid-west United States market, or else the eastern Canadian market?—A. Let us take that point of view. If that is the assumption and if that is the view of the committee for instance, you are basing your whole program for the future on that marketing, on the belief that the gas will be developed.

Q. I believe so.—A. To back up the project. Today we think there is enough gas to serve the southern part of this province today. But in my opinion as an engineer, eastern Canada requires closer reserves.

Q. The closest reserves may be in southern Saskatchewan or even the Williston basin sector of southwestern Manitoba. But you have already suggested that eastern Canada might be taken care of by an exchange of gas with the United States. Can you give us any specific opinion as to whether such a supply of natural gas is available to us from both an economical and a political point of view?—A. We have been very active in the Prairie Company's proposal to transmit gas to the Pacific northwest, one of the two major unsurveyed areas.

*By Mr. Green:*

Q. You mean the Prairie Transmission line?—A. Oh yes, and we know of the exchange contract signed with respect to the Panhandle and Eastern Pipeline Company which runs across the Detroit river to Windsor, and which makes some summer deliveries. The idea is that if the Board of Transport Commissioners would authorize the production and export of gas from Alberta to the northwest states, and if we agreed to serve the Pacific northwest states with these developments, and it would give them a firm and dependable source of gas for the pipe line which is already in existence to Detroit, in return for which an exchange could be arranged back into eastern Canada, but we think a negotiation of this kind should come from your Board of Transport Commissioners, because they have the gas in Alberta, which is under their jurisdiction for disposal to back up such a program. But if the United States was not agreeable to the program, then Canada could stand by and wait until they could start this project to eastern Canada. I can guarantee that the United States would not turn down gas coming to the Pacific northwest, because they need it for their defence industries.

*By Mr. Nickle:*

Q. I am dealing now with eastern Canada. In your opinion, is there any reasonable expectation that the various states lying between Ontario and the Mid-continent, the Texas gas producing areas of the United States, and the United States government itself, would be willing to guarantee a long term supply of gas coming to Ontario and Quebec from the mid-continent?—

A. Yes sir. Again, I think we are the outstanding field of the country, but I would like to answer your question.

Q. I take it that your ultimate plan is to run a line south from Winnipeg. There again you would come up with the possibility of serving United States markets and leaving unserved eastern Canadian markets?—A. We presented legal testimony from what we think is the most authoritative source available, the Federal Power Commission, in Alberta, and the statement was to this effect: in approving gas service to New England, the Federal Power Commission of the United States government issued an order in which they stated that in exchange for our supplying facilities to provide for New England, a previously unserved area in the United States, that we should have the right to demand the necessary natural gas in order to supply that area, and that the same condition applies to the Pacific northwest, namely, in order to secure gas for that area, they have full authority to make unqualified delivery of 250 million cubic feet per day, or whatever the exchange is into the provinces of Ontario or Quebec, and once that authority is granted, the Federal Power Commission has been granted that by way of treaty, namely, to export and import gas, by presidential declaration. Therefore, if they get such a declaration, the Board of Transport Commissioners can sit down and meet the conditions.

In our opinion the Federal Power Commission will accept that and make it available, and if it be accepted, it is in the form of a treaty because of the powers granted to it by Congress.

I have heard a great deal of reference as to the undependability on the part of the federal authorities, but I personally would hate to feel that a treaty made on behalf of our government would have no more dependability than that.

Mr. GREEN: They took a long time to get a Saint Lawrence Waterway agreement.

The WITNESS: In our opinion, our people would put up the money to do that job, and there would be no qualifications.

*By Mr. Nickle:*

Q. Is there a reserve capacity in any existing pipe line from the mid-continent running as far as Michigan, which would be available for the supply of gas to Ontario equal in volume to the gas that will likely be supplied by serving or transporting gas to the Pacific coast area?—A. There is only one other. We have a company which at the present time can make delivery of 250 million cubic feet of gas.

Q. To Ontario?—A. Yes, to Ontario.

Q. Could it guarantee that delivery over a long term?—A. Yes, with the deduction of 25 per cent more reserve of gas than is actually required to make the delivery which is required by the insurance companies today.

Q. Is there any guarantee that such a commitment for a pipe line company to supply 250 million feet of gas per day to Ontario could not be affected by increase in demands by the U.S. states along the pipe line route?—A. Well, it depends on the original order of the Federal Power Commission; and if they pin down delivery of that 250 million feet per day, then no customer has the right to demand that volume. Their intention was to get service for the Pacific northwest, accordingly they would make it unqualified delivery,

assuming that they do so. In our opinion, they could do so and nothing could interrupt that service as long as it was based on this effective and completely unqualified act of the federal parliament.

Q. I would like to have a great deal more information on this matter of exchange.

*By Mr. Applewhaite:*

Q. Plans are filed at the moment by the Boundary Company. I am not sure to what extent this question of a proposal for a pipe line in Alberta, Saskatchewan and Manitoba is applicable.—A. I do not know whether I can answer that, Mr. Applewhaite.

Q. The over-all question must be whether by allowing you to do the business which you have been talking about we are going to spoil the chances of eastern Canada obtaining gas. That I think is a fair question. But whether the details of a possible exchange in the future are really applicable on this hearing, is something I rather doubt. I am not very convinced one way or another, but I do not think that we should go into too much detail as to the legal aspects of the thing in the United States and so on, when we are supposed to deal with an application to incorporate the Boundary Pipeline Company.

Mr. NICKLE: It relates to this extent: that we can be reasonably sure that for some years only one pipe line eastward from the prairies is going to be possible. If the eastward line goes to Winnipeg and stops at that point, or goes south to the United States midwest, the gas will be absorbed by the Boundary Company or any other company building such a line. Then the chances of Ontario and Quebec getting gas from the prairies are going to be somewhat more remote than they are today except by the gas exchange route. For that reason I believe the whole question of gas exchange is something which should properly be considered by this committee.

Mr. APPLEWHAITE: I think that argument is a far step under this application, but I do think this is largely a matter of quantity and I would suggest that we do not get too involved in the American legal aspects, and in their Federal Power Commission and so on, because I think it is largely a matter of quantity.

Mr. NICKLE: The Federal Power Commission and the American government are bound, just as many of our bodies in Canada are bound, by political considerations, and the weight which will be given to political considerations. But I am very much concerned in trying to determine whether or not the exchange of gas is feasible.

Mr. APPLEWHAITE: All we can get from this witness is the opinion of a private transmission company; and if we want to get legal opinions, we would have to call for witnesses from the state department.

*By Mr. Green:*

Q. This exchange agreement about which you are talking involves Canadian gas going to Washington and Oregon, on the one side and American gas going to Ontario and Quebec on the other side.—A. That is the proposal which we presented to the Alberta government.

Q. That is no longer of any importance because now the Alberta government has no surplus, or rather the Alberta Conservation Board has approved the export of gas from the Peace River district to the west coast, and in view of the fact that Vancouver will be served within that area, this proposal is out of the picture now.—A. The approval from the Peace River was for less than 300 billion of reserves on the present insurance company requirements; 10,000 to one in the way of reserves is the daily delivery. That would be capable of



delivering some 30 million to 40 million cubic feet of gas per day. This pipe line would require to have 250 million cubic feet per day to meet the present northwest markets. It does put the west coast in this position, according to my present information; it does put them in this position. So, in view of this, they are going in and actively drilling, and if they are successful, it will allow them to serve that market. On the other hand, if southern Alberta develops rapidly enough, the other project may well be possible by that time.

Q. Your project was that the Prairie Transmission project were going to take gas from southern Alberta and send it into the United States?—A. That is right.

Q. And now it is proposed to bring gas from the Peace River areas of British Columbia, and send it to the same market, with the exception of Spokane?—A. That is right.

Q. But they have one difference. They have already been granted this right for Ontario, and they are obviously depending on going beyond the British Columbia boundary, the Canadian boundary, to cover Seattle, Tacoma, Portland, but at the same time they refuse to permit any export from southern Alberta, so that is completely out of the picture. And your suggestion is that of an agreement to bring gas into Ontario and Quebec, by giving Washington and Oregon Canadian gas, but simply not on an exchange basis, because Washington and Oregon are going to get their gas under the plan of the West Coast Transmission Company.—A. They still have the problem of acquiring sufficient reserves to meet their commitments for the pipe line; they still have to secure Alberta approval for the development, if the gas is not sufficient for the pipe line project.

Q. Your agreement would wash that out?—A. That is right. And if we had Winnipeg with this company, our recommendation would be: you can secure sufficient gas to go to eastern Canada, if it is close enough and economical for us to market it, and to have natural gas today available on the North American continent, the provinces of Ontario and Quebec would seek it actively.

Q. But your pipe line is not seeking it?—A. No, because it is not economical with the present location of the reserves to serve them.

Mr. LARSON: Might I say, Mr. Chairman, that although I am not a member of this committee, I am sponsoring this bill, and might I say that we in Saskatchewan were very pleased that the people of British Columbia have at last got consent from the province of Alberta to export gas out there. In Saskatchewan also we know that the province of Alberta is ready to take on a terrific amount of responsibility to supply the vast resources of gas which they have.

Now, Saskatchewan is without oil, and so is Manitoba. We have shovelled coal out there for a lot of years, and we have recently got oil at a higher price. So, if you could get gas there in our cities within a reasonable length of time, we would be very pleased, just as the people in British Columbia are pleased to have gotten gas out there.

One of the reasons I allowed my name to go as sponsor to this bill was because I felt that if the people of those two provinces, sister provinces such as British Columbia, could go to the province of Alberta and ask for a modest amount of gas which they think they will give us, they will treat us the same as they have treated other people who are getting it within a year or two. We do not want the privilege of shipping gas to Ontario, or we do not want the privilege of this plan of the continental system, of gas supply; but we would like gas and, as I said, the reason I sponsored this bill was that I felt that in relation to this modest company, there was a good possibility of it, and I felt that these other considerations should probably wait until such time as the gas is available. Therefore, I think that to go into all these things is precluding

the chances of Alberta giving her sister provinces gas within a reasonable amount of time. I would like very much to see this bill go through as is, and then let us see if we can get these difficulties in our sister provinces arranged.

Mr. NICKLE: Do not get me wrong. I am just as keen as you are to see our sister province of Saskatchewan have natural gas; but what I am concerned about is the best means of making the best possible use of the gas reserves of the prairie provinces.

In Saskatchewan, the government of that province has taken a definite stand for government ownership, construction and operation of gas pipe lines. In fact, for the only large gas reserves so far opened up in Saskatchewan, in the general Brock area, the Saskatchewan government, a week or so ago, put up a very interesting proposition to the effect that when and if the developers of the gas in that area can prove established reserves of 200 billion cubic feet, the Saskatchewan government will within one year take delivery of that gas through a pipe line built by the government to Saskatoon, or will start paying the owners of the gas kept in the ground. The only point there, so far as southern Saskatchewan is concerned is this: is the Saskatchewan government willing that any gas reserves in the province be turned over to privately financed pipe lines?

The WITNESS: Is not that a little beyond the field of this committee? How can this company deal with the province of Saskatchewan until they are a company?

Mr. NICKLE: It seems to me that the purpose of this committee is to look at all sides of the problem in connection with every application for the incorporation of pipe line companies, and certainly the attitude of the United States, of Canada, and of the provinces of Canada and so on towards a pipe line, as well as the economics of each individual project, should be presented to this committee, for they are all part of the problem which we have got to solve.

Mr. APPLEWHAITE: I would like to ask one question because I think it would be advisable to have an answer to it, if there is one, in the same record. I wonder if the witness, of his own knowledge, could tell us what would be expected with the reserve situation, to make it possible for the Ontario and Quebec markets to be supplied with Canadian gas?

The WITNESS: I can make only one comment: I cannot foresee that. I do recognize the extreme development of resources during the last three years.

*By Mr. Fulton:*

Q. You said you could not foresee it. Did you mean that you could not foretell when it would come about, or that you did not think it would ever come about?—A. I am extremely optimistic about developments out there. I think they will grow and grow and grow; but you can only expand your domestic requirements within the province to an extent which matches additional resources; and only last year the government said that there was no surplus. But none the less you do have a sizeable increase in reserves, and with such conditions as Pincher Creek existing, where investors have invested in the field and been told to stay there until 1968, they are somewhat put out. On the other hand, the oil in the Peace River that they will export may encourage a larger program. It depends on how much money they are looking for.

Mr. McIVOR: Mr. Chairman, it is now dinner time.

The CHAIRMAN: Shall we adjourn now until 4.00 today? Provided that the report is passed?

Mr. WHITESIDE: We cannot meet while the House is sitting.

Mr. GREEN: As we have now got the picture of what these people plan, and as we cannot possibly finish this today, and as we have not got any power to sit while the House is sitting, I would suggest, Mr. Chairman, that we postpone the hearing until possibly after Easter when we will have the printed copy of the proceedings, and when these gentlemen will have had an opportunity to provide for us the further information which we have asked for. We can then proceed to clean up the bill. There is no urgency about it because Alberta just yesterday or the day before decided there would be no gas exported to the east—so these people will lose nothing by a delay of a couple of weeks.

Mr. CAVERS: The only objection I see is that Mr. Herring is here from Texas and he would have to come back another time. He probably would not remain over in Ottawa for the period from now until after the Easter vacation; and if his evidence could be heard he would not have to return.

The WITNESS: I would appreciate that very much, because it is quite some distance.

Mr. GREEN: He might be needed here until completion of the bill.

The CHAIRMAN: I am in the hands of the committee. Is it the wish of the committee to meet this afternoon?

Mr. GREEN: You cannot meet while the House is sitting.

The CHAIRMAN: If we have power at that time.

Mr. WHITESIDE: I move that we ask permission to sit while the House is sitting.

The CHAIRMAN: We have had that motion already.

Mr. GREEN: I did not hear what was said.

Mr. BROWNE: Mr. Whiteside moves that we ask power to sit while the House is sitting.

Mr. GREEN: I would not suggest that. It is the beginning of a session and this committee has only got one other bill—it has this bill and the Kitimat railway bill. There is absolutely no need to sit while the House is sitting. You cannot get that permission from the House this afternoon anyway because you must give twenty-four hours notice. I would suggest that we be reasonable about the matter and not try to rush or stampede this bill through; that is not going to help anybody.

Mr. CAVERS: I had no idea of stampeding it through.

Mr. GREEN: It would be far better—

Mr. CARROLL: I would move that we adjourn until 11 o'clock on Monday morning.

Mr. LARSON: Have we finished taking Mr. Herring's evidence?

Mr. GREEN: No.

Mr. HODGSON: Quite a number of the members of this committee live a long way from Ottawa and they have not been home since the start of the session. I feel that some of them will be leaving tonight and that you will have a difficult time getting a quorum on Monday. There is no difficulty here. Aeroplanes are still flying from Texas and our genial friend can come back again. We will probably need him not only for this evidence today but for several days. This thing has just started, I would move that we adjourn until 11 o'clock on April 22.

Mr. CAVERS: There is a motion before the chair.

The CHAIRMAN: There is a motion that we adjourn until Monday morning at 11 o'clock.

Mr. FULTON: There has been an amendment—that the hearing be postponed until the 22nd of April.

The CHAIRMAN: The motion is not amendable.

Mr. NICKLE: I would like to say that I have a number of questions which I would like to ask Mr. Herring dealing with the information he is going to bring forward. Unfortunately, however, I will not be here Monday as I have to make a speech in Toronto about natural gas.

The CHAIRMAN: All those in favour of Mr. Carroll's motion to meet Monday morning?

Mr. GREEN: What about the amendment?

The CHAIRMAN: There is no amendment.

Mr. GREEN: That we sit on the 22nd?

The CHAIRMAN: I do not think that amendment will hold.

Mr. HODGSON: I move my motion as an amendment—that we sit on the 22nd.

Mr. NICKLE: I do not think any of us have any desire to delay passage of or action on this Boundary Pipeline bill indefinitely, but after all there is actually no urgency at the moment in view of the decision reached by the Alberta government a few days ago. Certainly there will not be any change in the Alberta government's attitude over the Easter period.

Mr. GAUTHIER (Portneuf): How do you know?

Mr. NICKLE: We have an election coming up this fall—

Mr. CARROLL: I was only suggesting what I did because we have not the right to sit this afternoon and I was trying to extend some courtesy to our friend here so that he would not have to be delayed until after Easter. It may be that after Monday we can see quite readily that he is not going to be needed here after that time.

The CHAIRMAN: The question is on Mr. Hodgson's amendment that we meet Tuesday April 22, at 11 o'clock. All in favour? Those against?

I declare the amendment lost.

Mr. GREEN: Could we have a poll vote?

Mr. CARROLL: I did not vote at all, but if it is going to be polled I will vote.

Mr. GREEN: I do not really care about a poll vote but I did not vote either. Several of us did not vote at all. Perhaps the chairman will call for a show of hands again.

The CHAIRMAN: All those in favour please stand? Those against?

I declare the motion lost.

Now the question before the committee is whether we meet Monday at 11 o'clock?

Mr. BROWNE: It seems a pity that Mr. Nickle cannot be here, as he is the only expert amongst us.

Some Hon. MEMBERS: Let him stay here then.

Mr. GREEN: It is very unusual procedure to force a committee to sit at 11 o'clock on Monday morning—certainly at this time of the session.

There are many members who cannot be here. If this bill is going to be put through on a stampede basis, of course, nothing can be done about it; but I do suggest that certainly it would be far more reasonable to sit on Tuesday rather than on Monday morning—particularly as Mr. Nickle is not able to be here.

Mr. CARROLL: As far as that is concerned it is all right with me.

The CHAIRMAN: The motion is to sit on Monday morning at 11 o'clock. All those in favour?

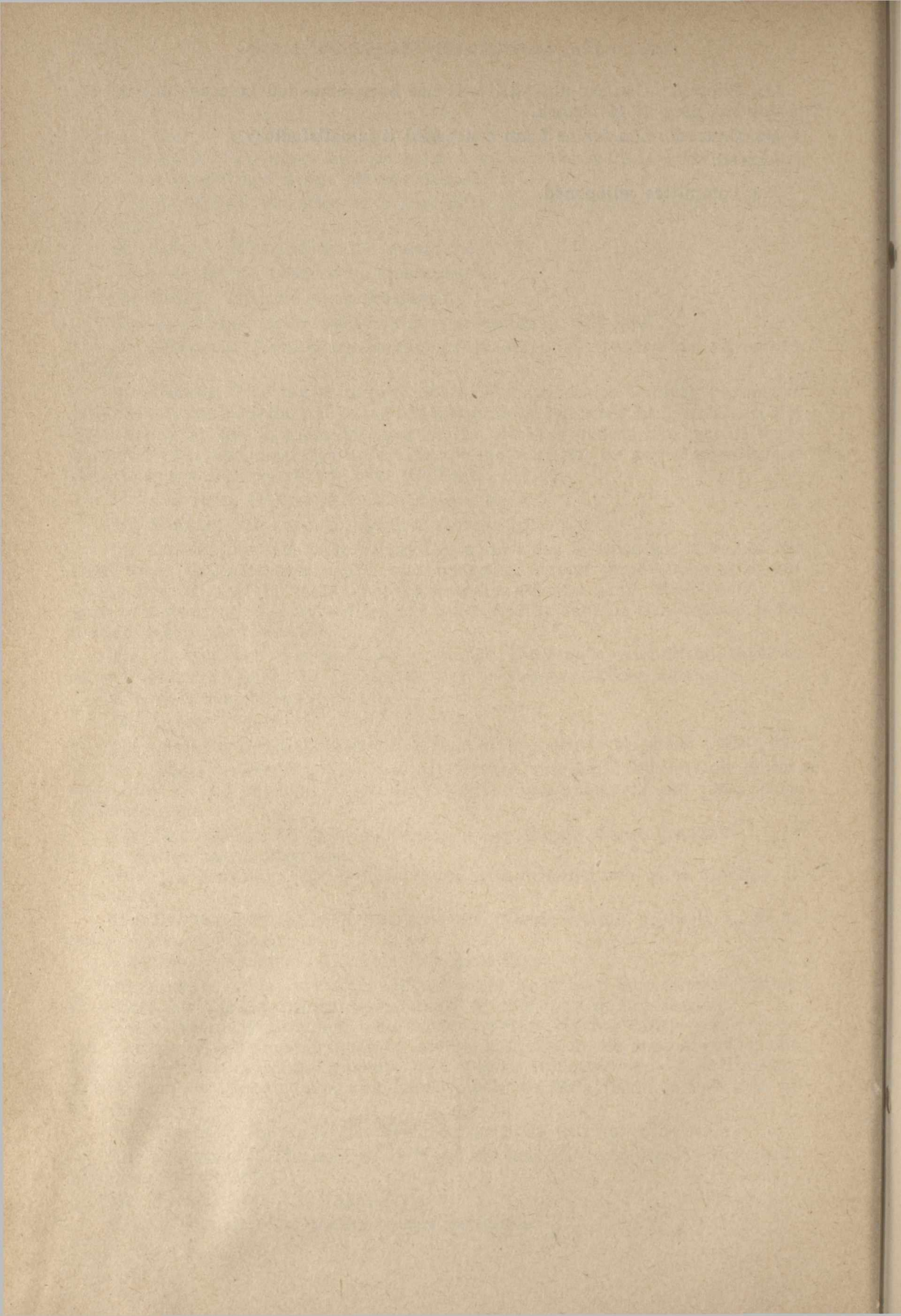
Mr. BROWNE: Mr. Chairman—

The CHAIRMAN: The motion is not debatable.

Mr. BROWNE: Can we amend it? It has been amended before—that it be Tuesday morning at 11 o'clock.

Mr. CARROLL: As far as I am concerned it is satisfactory.  
Agreed.

The committee adjourned.



HOUSE OF COMMONS  
Sixth Session—Twenty-first Parliament  
1952

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**STANDING COMMITTEE**  
**ON**  
**RAILWAYS, CANALS AND**  
**TELEGRAPH LINES**

*Chairman: H. B. McCULLOCH, ESQ.*

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**MINUTES OF PROCEEDINGS AND EVIDENCE**  
**No. 2**

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**Bill No. 62 (Letter O of the Senate)**  
**An Act to Incorporate Boundary Pipeline Corporation**

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**TUESDAY, APRIL 8, 1952**

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**WITNESS:**

**Mr. A. I. Matheson, Dominion Securities Corporation Limited.**





## MINUTES OF PROCEEDINGS

TUESDAY, April 8, 1952.

The Standing Committee on Railways, Canals, and Telegraph Lines met at 11 o'clock a.m., the Chairman, Mr. H. B. McCulloch, presiding.

*Members present:* Messrs. Bonnier, Cannon, Carroll, Carter, Cavers, Churchill, Darroch, Dewar, Fulton, Gauthier (*Portneuf*), Gourd (*Chapleau*), Healy, Herridge, Higgins, Hodgson, James, Lafontaine, Low, Macdonald (*Edmonton East*), McCulloch, McGregor, McIvor, Murray (*Cariboo*), Mutch, Nickle, Noseworthy, Pouliot, Richard (*St. Maurice-Lafleche*), Riley, Rooney, Stuart (*Charlotte*), Weaver, Whiteside, Whitman.

*In attendance:* Mr. Duncan K. MacTavish, Q.C., Parliamentary Agent; Mr. A. I. Matheson, Dominion Securities Corporation, Ltd.

On motion of Mr. Whiteside,—

*Resolved*,—That the Committee recommend that it be granted leave to sit while the House is sitting.

On motion of Mr. MacDougall,—

*Ordered*,—That the Chairman order the printing from day to day of such copies, in English and French, of the minutes of proceedings and evidence of the Committee as he may consider necessary.

The Committee resumed consideration of Bill No. 62 (Letter O of the Senate), "An Act to incorporate Boundary Pipeline Corporation."

Questioning of Mr. MacTavish was resumed.

Mr. Matheson was called and questioned.

Mr. Matheson tabled a list of shareholders of Prairie Transmission Lines, Limited, which is printed as *Appendix A* to this day's Minutes of Proceedings and Evidence.

Mr. Noseworthy moved that the Committee adjourn until Tuesday, April 22.

And the question having been put on the said motion, it was negatived.

Clauses 1, 2, 4 and 5 were adopted.

Mr. McIvor moved that paragraph (a) of clause 6 be amended by inserting after the word *lines* in line 23 thereof the words: *provided that the main pipeline or lines for the transmission and transportation of gas and oil shall be located entirely within Canada.*

Clause 6, together with the proposed amendment thereto, was allowed to stand.

Clauses 7, 8, 10 and 11 were adopted.

At 12.10 o'clock p.m. the Committee adjourned until Tuesday, April 22, at 11 o'clock a.m.

A. L. BURGESS,  
Clerk of the Committee.



## EVIDENCE

APRIL 8, 1952.

11.00 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. I would like to have a motion recommending that the committee be granted the right to sit while the House is sitting.

Mr. WHITESIDE: I would move that the committee be granted leave to sit while the House is sitting.

Carried.

Mr. FULTON: Mr. Chairman, when would that become effective?

The CHAIRMAN: It would have to be passed in the House first.

Mr. FULTON: I mean, what is the intention with respect to these sittings?

The CHAIRMAN: I will present the motion this afternoon when the House sits, but we would not be able to sit this afternoon.

Mr. NICKLE: Is it your intention, Mr. Chairman, to sit tomorrow?

The CHAIRMAN: That depends on the wish of the committee. Now, I would like a motion with respect to printing.

Mr. MACDONALD: I would move that the Chairman order the printing from day to day of such copies, in English and French, of the minutes of proceedings and evidence of the committee as he may consider necessary.

Motion agreed to.

The CHAIRMAN: We will now resume consideration of Bill No. 62, an Act to incorporate Boundary Pipeline Corporation.

Now, I might say before starting, that we had a meeting on Thursday when a great many questions asked were not relevant to this bill whatever, and I would ask members of the committee when they put questions to think of the bill before they ask questions which have nothing to do with the bill. I understand that one of the members of the committee made the statement that he would see that there would not be a quorum here this morning.

Mr. CARROLL: That is just idle gossip, Mr. Chairman.

The CHAIRMAN: I didn't catch that?

Mr. CARROLL: I said, Mr. Chairman, that is just idle gossip.

The CHAIRMAN: I think we want to get on with the work of the committee in a businesslike manner, and I trust that questions which are to be asked will be on the bill.

Mr. NICKLE: Would you mind clarifying that point, that some of the questions asked Thursday were not relevant to this bill?

The CHAIRMAN: That is my understanding, that a lot of them were not relevant to this bill at all.

Mr. NICKLE: Any questions are relevant that apply to the movement of gas eastward from Alberta, are they not?

The CHAIRMAN: I would not say so, not altogether.

Mr. McIVOR: This bill deals with a pipe line going into Manitoba and it has nothing to do with gas going into British Columbia and therefore any questions about a pipe line to British Columbia would be out of order.

Mr. NICKLE: I agree with you, Mr. McIvor.

Mr. FULTON: I still have certain ideas in my mind.

The CHAIRMAN: Now, Mr. MacTavish is here, if there are any questions you would like to ask him. Mr. Herring will likely be here a little later on.

**Mr. Duncan K. MacTavish, Q.C. called:**

Mr. CARROLL: Mr. Chairman, were there not certain questions asked the other day to which answers were to be supplied this morning?

The CHAIRMAN: Yes, Mr. Green wanted answers to certain questions. Perhaps the witness would care to put those on the record now.

The WITNESS: Mr. Green, asked me three questions which I am now prepared to answer, if I may, so they can go on the record.

The first question that Mr. Green asked me was: who in addition to those listed in Section 1 of the bill were interested as promoters of Boundary Pipelines Corporation; and the answer to that is that in addition to those named in the bill the following, all of Toronto, will become shareholders: J. W. Bowes, W. J. Ayers, W. E. N. Bell, J. D. Gibson, R. A. Armstrong, G. M. MacLachlan, G. M. Thompson, T. Beatty, G. M. Wilton, W. J. Hogg, Charles Burns, Gordon Smith, D. S. Beatty, J. A. MacAuley, R. R. Herring.

The next question Mr. Green put to me was: what relationship exists between Boundary Pipelines, that is the company for which incorporation is sought in this bill, and Prairie Pipelines. The answer to that question is that the companies are, of course, quite separate entities although some persons are interested in both of them. There were 40 Alberta shareholders in Prairie Pipelines who are not interested in any way in Boundary Pipelines. There are 10 persons in Boundary Pipelines who are not in any way interested in Prairie Pipelines. Now, Mr. Chairman and honourable gentlemen, if it were thought desirable I could go into more detail in terms of names because I have here the list that I read in answer to question number one. With those, in addition to the ones in the proposed bill who are interested in Boundary Pipelines—I beg your pardon, I should make a correction there; R. R. Herring should have been added to that list. This point that I am coming to now arises out of this arrangement, but in addition to the names which I gave you in respect of Boundary Pipelines, Prairie Pipeline shareholders will be given an opportunity to participate in Boundary Pipelines if as and when it becomes a company. Now, in that connection it may be relevant to list the shareholders of Prairie Pipelines—I do not want to clutter the record, it is a long list, and if it is felt desirable, Mr. Chairman—I want it to be fully understood that there is no withholding of any information at all—I will be quite happy to read the list if you gentlemen wish it.

The CHAIRMAN: What is the wish of the committee?

Mr. FULTON: Have you a copy, Mr. MacTavish, which you could circulate, and one you might table?

The WITNESS: What I could do, Mr. Fulton, would be to give the official reporter, after this session, the list—it is the only list I have and it contains some irrelevant information which should not be in the record—but I can give it to him then if you desire it.

(See Appendix "A")

Mr. FULTON: Quite.

*By Mr. Nickle:*

Q. Can you give us any indication, Mr. MacTavish, whether or not any of the shareholders of the Boundary Pipeline Corporation exercise a majority control in Prairie Pipelines, and, conversely, whether stockholders in Prairie

Pipelines exercise a majority control in this Boundary Pipeline Corporation?—  
A. In which company?

Q. In Prairie Pipelines and Boundary Pipelines?—A. Would you allow me just a moment, please?

Q. Certainly—A. Mr. Nickle, the answer to that question is, no; there would be no individual or small group of individuals who would control.

*By Mr. Carroll:*

Q. May I ask one question before you leave that? This Prairie Pipeline is now an incorporated company?—A. Yes, Mr. Chairman; my information is that Prairie Pipelines started off as an Alberta provincial incorporation in the ordinary sense and then subsequently—

Q. All I wanted to know is whether they have a charter?—A. Yes.

Q. What is the route of their charter with respect to the Boundary route?—  
A. I am not sure as to that.

Q. I suppose that could be obtained later?—A. I am informed that it goes westerly through the King's Gate Pass and down into British Columbia. It is nothing that would duplicate this at all.

Q. That is what I wanted to find out; there is no duplication between the two?—A. No.

*By Mr. Nickle:*

Q. Can you give us any information as to the percentage of interest as between American and Canadian shareholders?—A. In Boundary Pipelines I take it you mean?

Q. Yes.—A. It is not only preponderately Canadian but almost exclusively Canadian. The only American interest, Mr. Nickle, is represented by Mr. Herring; otherwise, it is all Canadian.

Q. You have stated that the shareholders of Prairie Pipelines will be given the right to subscribe to shares in Boundary Pipelines Corporation?—A. That is correct, sir.

Q. Is not Prairie Pipelines a wholly owned subsidiary of the Pacific North-West Natural Gas of Texas? And, if so, what effect would that have on the degree of American participation in Boundary Pipelines?—A. I have before me, sir, a list of the shareholders of Prairie Pipelines to which I referred a few moments ago and the American holding is—I think it can be described as an almost inconsiderable minority in that company, representing W. C. Gilman of New York and R. Gilman Smith and J. L. Augustus.

Q. I raised that question because did not Prairie Pipelines advise the conservation board of Alberta some months ago that their company had been purchased and is now a wholly owned subsidiary of Pacific North-West Natural Gas of Texas?—A. I do not know that, sir. If you like I can check and get it clear—I was not at the hearing.

The statement you have made, Mr. Nickle, is correct but I am instructed it does not prejudice in the slightest the rights of the shareholders, the list of which I have given of Prairie Pipelines, to participate in Boundary Pipelines. In other words the control to which you refer will not affect the rights of this vast majority who are entitled to participate in Boundary Pipelines.

Q. I judge from following your statement through that Pacific Northwest, by exercising its rights as a shareholder, a preferred shareholder of Prairie Pipelines, becomes a very large shareholder or perhaps the controlling shareholder in Boundary Pipelines? Is that correct?—A. I think all one can say on that is that there is no present plan for its participation. Although it is a possibility it may not even be a probability.

Mr. McIVOR: Is it not a good thing to have American money invested in Canada, in this country?

Mr. FULTON: How does the chairman know?

Mr. NICKLE: I am not complaining about American participation, I am enquiring about the fact that every pipe line sponsored here has had American participation.

The WITNESS: I will have to clarify the last question by saying this right of participation in Boundary Pipelines is available only to the shareholders prior to the intervention of the control to which you refer—so that company will not have the right to participate, but the 73 per cent of Canadian holders of whom I spoke a few moments ago will be the ones who have the right to participate in Boundary Pipelines—and only those in Prairie Pipelines.

*By Mr. Nickle:*

Q. There would not be the case of Boundary Pipelines becoming a subsidiary?—A. That is not a possibility.

Q. I raise that question relevant to the original application by basically the same group for Prairie. They state in their original application to the Conservation Board of Alberta: "The control of the applicant company is now and will be after the completion of its financing, in the hands of Canadian citizens who are resident in the province of Alberta and other provinces of Canada. The applicant is not now nor will it be the subsidiary of any foreign corporation."

That statement was followed soon after by the purchase of control of Prairie Pipelines by an American corporation.

I would like to have some clarification from you as to whether the same procedure would be followed with Boundary Pipelines or whether it is actually the intention to keep it a Canadian controlled company?—A. I think I can answer that question immediately and perhaps it may be confirmed by the evidence of Mr. Matheson who will be speaking on the financing of this company—financing which will be exclusively a Canadian project.

The other question Mr. Green asked me was: What connection has Dominion Securities with any underwriting house in the United States as far as the Boundary Pipelines transaction is concerned?

That question arose out of the discussion of the financing of this project when I said that Dominion Securities, a Canadian company, would handle it. The answer to the question is that Dominion Securities is a Canadian company owned by Canadians and has no association in terms of ownership with any United States underwriting house. The financing of this comparatively modest project can and will be done in Canada by Dominion Securities without the participation of American interests.

*By Mr. McIvor:*

Q. Mr. Chairman, the result of these questions and answers is to indicate that Canada has financial control?—A. That is correct, sir.

*By Mr. Fulton:*

Q. Mr. Chairman, I should like to ask some questions as to the plans for financing. May I ask Mr. MacTavish whether he is prepared to answer them or whether Mr. Matheson of Dominion Securities is prepared to give those answers?—A. I think it would be more satisfactory from the point of view of everyone if Mr. Matheson were to answer those questions. In fact, some of them may be answered in his statement.

That, gentlemen, is all I have to say except that, while I am on my feet, I might make this statement. There was some discussion earlier in connection with a proposed amendment to make this bill have limiting words embodied in it similar to those that were inserted in other bills. I think it

might be appropriate for me to say now that we are quite content to have an amendment; and an amendment, I believe, will be made which will put in words identical with those in the other bills.

Q. In Section 6?—A. In Section 6, and those words are: "Provided that the main pipe line or lines for the transmission or transportation of gas or oil shall be located entirely within Canada."

Mr. McIVOR: That is good.

The WITNESS: I thought it might save discussion if I were to mention that at this time.

*By Mr. Fulton:*

Q. Do I understand from your previous answer that there are to be no American concerns associated in the financing of this proposal?—A. That is correct, sir. As I said earlier, in terms of what we become accustomed to in pipe lines, this is a modest scheme involving only \$28,000,000. I rather shudder when I put it that way but, comparatively, this is small.

So, Mr. Chairman and gentlemen, that is all I have to say at the moment and Mr. Matheson, if you will hear him, will discuss the proposed financing.

Q. In the list which you have tabled does the answer appear to the question as to which shareholders have holdings in both Prairie Transmission and Boundary Pipelines? Does that appear from the list?—A. That will appear by a comparison of the lists. If it will be more convenient I will be quite happy to add a list of the Prairie Pipeline shareholders who are also shareholders in Boundary Pipelines.

Q. If it appears from the list you have tabled that would not be necessary.—A. It will appear from both lists by comparison.

The CHAIRMAN: Is it your wish to hear Mr. Matheson?

Agreed.

**Mr. A. I. Matheson, Dominion Securities Corporation, called:**

The CHAIRMAN: Would you mind identifying yourself?

The WITNESS: My name is Matheson. I am resident partner in Ottawa of Dominion Securities Corporation. It is a purely Canadian investment house. We are members of the Investment Dealers Association and we also trade on the major stock exchanges.

Have you any questions, sir?

Mr. NICKLE: Mr. Matheson, can you give us a brief outline of the financing plan for Boundary Pipelines?

The WITNESS: This sounds as though I were trying to evade the question but I am not. Security markets vary so much from time to time that any financing plan, regardless of how small or how large, must be held until the time of financing when you regard your market at that time. I will try to give you a couple of examples.

You may have an extremely strong stock market or a very weak bond market. The two markets can go together or can be almost diametrically opposed. If you have a tremendous demand for stock and difficulty in financing bonds except at very high rates, your tendency is to do most of it through selling stock—preferred or common shares as the case may be. Conversely, if you have a tremendous demand for bonds and public confidence at that particular moment is shaken in the stock market, then a great deal of it will be done by bond financing. A very large part of it would be sold to Canadian life insurance companies or Canadian financial institutions.

As I say, it sounds as though I have been evasive on this, but your markets can change so quickly—both for stocks and bonds.

Another thing comes in and it is that in February, 1951, certain regulations were laid down for financial institutions in Canada—both chartered banks and life insurance companies—which were to a great extent aimed at restricting credit. There is a situation where almost overnight the picture changed. Therefore, in any financing of this nature you would have to take into consideration the markets existing at the time you were endeavouring to raise money to finance the project.

Mr. McIVOR: What usually causes the changes?

The WITNESS: There can be an awful lot of things sir. If restrictions are put on credit, particularly with financial institutions, you will find that bond levels will fall and new issues will have to be brought out at lower rates of interest. Today first mortgage bonds are being brought out on the Canadian market at 6 per cent. Six years ago we were bringing out 3 per cent premium bonds and, in the interim, 3½ and 4 per cent. That gives you an idea of the terrific changes we have had in interest rates since the beginning of the war. It could be a question of more bonds being available; it could be a question of restrictions being imposed by the authorities; and it could be just confidence one way or another in either the bond or the stock market.

*By Mr. Nickle:*

Q. Mr. Matheson, on the basis of monies contributed to date or shares committed for to date, can you give us any indication, before any public financing, as to what percentage of subscription to Boundary Pipelines would be Canadian owned and what percentage American owned?—A. The amount of underlying money that has been put in to date or will be put in by these people?

Q. That has been put in to date—assuming the shareholders of Prairie Pipelines exercise their right? What I am trying to get is before your public financing how much or what percentage of interest in Boundary Pipeline will be Canadian held and what percentage American held?—A. If you will excuse me I will try to get that percentage. I understand it is a question of 73 per cent Canadian and 27 per cent American. Exactly what it will be in this case of Boundary Pipelines we do not know.

Q. The percentage applies only then to Prairie Pipelines?—A. Yes, and I have not got information on the other—

*By Mr. Fulton:*

Q. Have you been able to make any estimate—I realize the limitations arising out of your earlier answer if you do not know how much will be by shares and how much will be by bonds—but in so far as you may do it by an issue of stock, to what extent do you have it in mind that it will be by private subscription or closed subscription, and to what extent by offers to the public—by listing it on the market? Have you made any estimate as to the breakdown?—A. No, frankly I have not.

Q. The tendency in the past has been that most of these issues in connection with either gas or oil pipe lines are privately subscribed?—A. As far as the underlying common shares, yes. Normally, the major part of the financing is done through bonds sold to institutions and then those bonds are amortized and paid for over the life of the pipe line. Your normal period is thirty years.

Q. Is it not only a case with respect to shares—and I do not know whether I am using the correct technical terms—but the issues of shares have been fully subscribed without it ever being necessary to come out on the market?



In that sense I mean that it is privately subscribed for?—A. I do not think there is anything laid down on that at all. Certainly, on occasion there have been instances. Take Trans-Mountain, for instance. Some of the shares were sold to the general public; some were sold to the oil companies who were the major suppliers and, you might say, the major movers behind the pipe line; others were taken by other interests; but there was public participation in both Canada and the United States.

Q. It has been a relatively small proportion?—A. In that case it was a relatively small proportion but I do not think you can really say there is any set procedure on it.

Q. Are you in the position to answer the question as to whether or not there is any agreement yet between this company and any of the gas producing companies with regard to gas being put through the line?—A. I am sorry, but that is completely out of my line.

Q. It would be necessary, would it not, for you to appear and become a matter of record before you could invite any subscription for shares, would it not?—A. Oh, yes. By the time you come to the actual financing of the company, dealing particularly with your life insurance companies, you need to have a tremendous amount of detail before they will subscribe. To put it briefly, where you have a sound engineering proposition, which is on a sound economic basis, there is no difficulty in financing it. I quite agree that you have a mass of detail. As a matter of fact, aside from anything else, there is quite a size of material which insurance companies may want by way of information, and you have to go into a tremendous mass of detail with respect to supply, costs, and everything else.

Q. I suppose the actual shipping or transportation of gas for this company is subject to so many hypothetical considerations with regard to the future that neither you nor anybody else is in a position to tell us how you propose to finance it?—A. No; and you might have one type of financing all lined up, and then there is a slight delay for one reason or another, and that will change the entire market, and you have to tailor your securities to meet your various market conditions. You see, there are two sides, really, to the underwriting of this. First of all, you have to get your money on the most economical basis, and the required funds for the project which is being financed, whether it be a pipe line company or anything else; and the other thing, with respect to the investment, whether it be an insurance company or a widow and orphan, you have to give them a security which is sound. You are in competition with everything else in the market and you have the two sides, and you must balance one against the other.

Q. Has your company been engaged in work in connection with pipe lines before? Have you been a principal in the financing of them?—A. We are one of the underwriters in connection with the Interprovincial Pipeline.

Q. You were one of the group in that case?—A. Normally it will depend on size.

Q. You mean, that in the event of great size you would have to make it a syndicate?—A. Yes.

Q. But in this case you are the sole underwriter of it?—A. Yes.

Q. And you have no obligation to any other underwriting company to give them a part of it?—A. Normally I think you would probably get other firms to come in with you at the time; it depends on the size. That has a great deal to do with it.

Q. You are not telling me that you are not getting anyone else to be associated with you, but that at the moment you are in exclusive charge, and it is entirely up to you?—A. We are acting more as consultants than anything else at the moment.

Mr. NICKLE: This comparatively modest pipe line to cost \$30 million would still be a pretty big operation for a single investment house, is it not?—A. It is normal practice to get as wide as possible a distribution of the securities; and with the exception of small issues, it is Canadian practice to bring in other firms for the financing and distribution. That is normal procedure.

Mr. FULTON: Are you in a position to tell us whether you have as yet made any firm arrangement with any other underwriting house to share those with you in the way of a syndicate?—A. Let me put it this way: there are none that I know of.

*By Mr. Nickle:*

Q. Mr. Matheson, could you give us any information as to how the \$25,000 spent up to date has been spent? More specifically, can you give us any information as to what percentage of that amount was spent on an economic survey of the proposition, a survey of the proposed communities to be served in Saskatchewan, and Manitoba?—A. No.

Q. Then, can you tell us what percentage of that amount has been spent on an engineering study of the route?—A. I will have to get that information for you. I have not got it. I understand that approximately \$15,000 was spent on an engineering survey of the route.

Q. I think, Mr. Chairman, that most of our remaining questions are questions dealing with the economics of the route to be followed and the markets to be served and it looks as if we shall require to have Mr. Herring or some other engineering consultant for Boundary Pipelines present to answer those questions.

Mr. MacTAVISH: Mr. Chairman and gentlemen, Mr. Herring is not here yet and I do not know what the committee wishes to do in those circumstances. But it does occur to me that the questions to be asked will be mostly asked by Mr. Nickle. Am I correct in that?

Mr. NICKLE: There may be others who would have questions as well.

Mr. MacTAVISH: Then, Mr. Chairman, if it is found to be desirable, possibly the questions could be placed on the record and we would be able to get the answers to them that much faster. But it may not be possible.

Mr. NICKLE: A number of questions, unfortunately, will develop from the answers to the first of the questions.

Mr. FULTON: When do you expect Mr. Herring to arrive?

Mr. MacTAVISH: We expected him the first thing this morning, and I believe there is another possible plane arriving at 11:00 or 11:10, on which he might be. I cannot get a passenger list from the airline company while the flight is in progress, so we do not know whether or not he is on that flight. But I take it that the questions would be technical questions which could be answered probably only by Mr. Herring.

Mr. NICKLE: That is right; they are questions dealing primarily with the economics of the markets and the route.

Mr. McIVOR: Let us go on with the bill, Mr. Chairman.

Mr. NICKLE: Let me say that these questions are very relevant to the matter which is before us because, as an Albertan, or as one of the men who are concerned with seeing the maximum possible market for the gas, I would not want to see an uneconomical pipe line, nor would I want to see a pipe line built which would not only take care of the gas that may be made available for marketing either in the United States or in Alberta, as well as of the maximum possible markets in Canada.

Mr. MacTAVISH: I had this in mind: it occurred to me that the line of questioning might be such as would be directed not so much to the sections of

the bill itself as to general information which we, of course, are very happy to give. And if that were the case, it occurred to me that possibly you might proceed with the bill and the questions could be reserved or put, whereupon we would undertake to produce the information.

Mr. McIVOR: Mr. Chairman, I suggest that we go on with the bill and get it cleaned up.

Mr. FULTON: Is there a Mr. Wilkie who is a shareholder of this company, and a Toronto lawyer?

Mr. MacTAVISH: No. There is a Mr. Wilton, and his name appears there.

Mr. FULTON: Is Mr. Wilton here this morning?

Mr. MacTAVISH: Yes.

Mr. FULTON: I believe that Mr. Wilton was active in the direction of the Prairie Transmission Company.

Mr. MacTAVISH: That is correct, and I might say that I am acting under Mr. Wilton's instructions in this matter.

Mr. FULTON: Would you mind pointing out Mr. Wilton to me?

Mr. MacTAVISH: Not at all, Mr. Fulton. There he is.

Mr. NICKLE: I wonder if Mr. Wilton might have some of the answers to the questions we have dealing with the economics of this matter in as much as he is one of the principal promoters of the pipe line.

Mr. MacTAVISH: It would be hard to answer that question not knowing what the questions are; but he would not have the technical information that Mr. Herring would have because Mr. Wilton, like myself, is just a lawyer.

Mr. HODGSON: You are not so sure that Mr. Herring is going to be here. I hope that he remembers that this meeting was brought on today on his behalf.

Mr. NOSEWORTHY: Is Mr. Herring coming by plane, Mr. MacTavish?

Mr. MacTAVISH: Yes, sir.

Mr. NOSEWORTHY: Well, it should be easy to find out if he is on board the plane.

Mr. MacTAVISH: I am sorry to say that it is not easy to find out whether or not Mr. Herring is on board the plane because the airline will not give you a list of the passengers until the plane has landed. Perhaps we might telephone now.

Mr. NOSEWORTHY: Surely the aeroplane people could tell you whether he is on the plane, whether he has a reservation on the plane this morning.

Mr. MacTAVISH: I shall try to do that; but my usual experience is that the airline will not divulge that information.

Mr. NOSEWORTHY: Surely we can find out if the plane has landed.

Mr. FULTON: May we not suspend our work for a few minutes, Mr. Chairman, while we find out if Mr. Herring is here.

Mr. POULIOT: In order to summarize the whole business, it will be an all-Canadian line, Mr. MacTavish?

Mr. MacTAVISH: That is correct, Mr. Pouliot.

Mr. POULIOT: And besides that, only 27 per cent of the stock is held by American capital?

Mr. MacTAVISH: That is correct.

Mr. POULIOT: This is a summary of the questions which have been put to you this morning?

Mr. MacTAVISH: That is right; and the financing will be done entirely by a Canadian company in Canada.

Mr. McIVOR: Mr. Chairman, I move that we go on with the bill now.

The CHAIRMAN: I think we should have a recess for 15 minutes, when we would know whether or not Mr. Herring is coming. So you may all have a smoke.

(The Committee took recess).

—On resuming.

The CHAIRMAN: Order, gentlemen. We have a telegram from Mr. Herring reading as follows:

Missed Saskatoon flight due weather. Remaining Regina. Herring.

So I think if it is agreeable we will go on with the bill and if there are any sections in the bill that you wish to be held or stood over we can do that until after the Easter recess.

Mr. Low: Mr. Chairman, I think we have much too little information on this bill at the present time to put through any of its clauses. I think as a committee that it is our responsibility to make certain that his bill is bona fide, that the provisions of it are satisfactory and that we know just exactly what the whole purpose of the bill is. Now, we have not got that information as yet. I sincerely suggest we leave the whole bill till after Easter.

The CHAIRMAN: Were you here on Thursday, Mr. Low?

Mr. Low: I was not, sir.

The CHAIRMAN: Well, a lot of information was given at the last meeting on Thursday. What is the opinion of the committee on the question of whether we should go ahead with this bill?

Mr. FULTON: I feel somewhat the same way as Mr. Low feels. I do not want to reflect on any of the witnesses we have had this morning, they are all very agreeable persons and have tried their best to co-operate with the committee, but it has been quite obvious from the answers they have given that this proposal is not practical; there are so many things which depend on future developments that their plans are simply not advanced to the state where they can give us any concrete information. In the absence of Mr. Herring, who, were he here, could give us information at least from which one could make a general conclusion as to the feasibility of this project, I think, in the absence of Mr. Herring, coupled with the fact that we have not been able to get any well formed outline or plan from the other gentlemen, we can not proceed with the bill till after Easter, and, indeed, I would hope that between now and Easter these people ought to be able to make a more specific proposal with respect to this undertaking.

Mr. HIGGINS: I am in full accord with the two previous speakers. I was not at this meeting earlier, but I was at the meeting on Thursday, and without any disrespect to the persons associated with this bill I would say that the presence of Mr. Herring is most important, and it is for that reason I support the views outlined by the last two members.

The CHAIRMAN: Were you here on Thursday morning?

Mr. HIGGINS: Yes, I was.

Mr. NOSEWORTHY: In the light of the circumstances I am going to move that this committee adjourn.

Mr. HODGSON: I second that motion.

The CHAIRMAN: Until when?

Mr. FULTON: Tuesday, April 22nd.

The CHAIRMAN: It has been moved and seconded that this committee adjourn until Tuesday, April 22nd.

Mr. WHITMAN: Before that question is put, Mr. Chairman, would it not be possible to consider section 1 and some other sections of the bill in order to have something on record to show that we are at least interested in this bill so that when we meet after the Easter recess we will not be faced with having to start on something else. Would it not be wise to have something on record that we have started this bill?

Mr. NOSEWORTHY: I do not think the promoters of this scheme have any right to ask us to commit ourselves on any section of this bill until we have the information required. I think it is their responsibility to have their officials here to meet members of the committee for the purpose of inquiring into the bill. If they want this bill put through it is their responsibility to see that their officials are here to give us that information and not ask us to commit ourselves on any single clause of this bill.

Mr. GAUTHIER: We can at least start it.

Mr. LOW: I understand that there is a motion for adjournment properly seconded, which is not debatable. Under the circumstances I think the question ought to be put.

The CHAIRMAN: It has been moved and seconded that we adjourn. Is it the wish of the committee that we should adjourn? All those in favour please stand. All those opposed please stand.

The motion is lost.

I think we will go ahead with this bill and if there are any sections in the bill that members wish to be held over, we can do so.

Shall section 1 carry?

Carried.

Shall section 2 carry?

Carried.

Shall section 3 carry?

Mr. FULTON: I think section 3 should stand. I see you have the usual amendment setting a value on the capital stock for purposes of taxation or something of that sort, but in view of the fact that I hope we might get a more specific outline from the financial spokesman when we meet again as to some proposed division or basis on which shares should be offered to the public and which privately subscribed, I would ask that section 3 be allowed to stand.

The CHAIRMAN: Is it agreeable that clause 3 stand?

Agreed.

Shall clause 4 carry?

Carried.

Shall clause 5 carry?

Carried.

Shall clause 6 carry?

Mr. McIVOR: I would move, seconded by Mr. Whitman, that section 6, subsection (a) be amended by adding after the word "lines" in line 23 thereof the words "provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada".

6. The Company, subject to the provisions of any general legislation which is enacted by Parliament, relating to pipe lines for the transmission and transportation of gas and oil or any liquid product or by-product thereof, may

- (a) within the provinces of Alberta, Saskatchewan and Manitoba or outside Canada construct, purchase, lease, or otherwise acquire, and hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial and/or international pipe lines, for the transmission and transportation of gas and oil including pumping stations, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines; and buy, or otherwise acquire, sell, distribute or otherwise dispose of gas; and as an adjunct or correlate to pipe lines for gas to have similar powers and facilities for pipe lines for the transmission and transportation of oil and the acquisition and disposal of oil; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and, subject to *The Radio Act, 1938*, and any other statute relating to radio, own, lease, operate and maintain interstation radio communication facilities;

Mr. FULTON: Mr. Chairman, could we ask that clause 6 and the amendment moved by Mr. McIvor both be allowed to stand for the reason that clause 6(a) refers to the location of the lines, which is a matter which we want to ask Mr. Herring something about, and subclause (b) refers to the power to hold and deal in property, and we shall have some questions about that as to outlets and distribution systems. I would ask that the clause stand.

The CHAIRMAN: Is it agreeable that clause 6 with the proposed amendment stand?

Agreed.

Shall clause 7 carry?

Carried.

Shall clause 8 carry?

Carried.

Shall clause 9 carry?

Mr. FULTON: Mr. Chairman, will you allow that to stand, please. It involves financial questions.

The CHAIRMAN: Shall clause 9 stand?

Agreed.

Shall clause 10 carry?

Carried.

Shall clause 11 carry?

Carried.

The CHAIRMAN: Gentlemen, is it your wish to postpone the meeting till the 22nd of April at 11 o'clock, a.m.?

Agreed.

The committee adjourned.

**APPENDIX A**

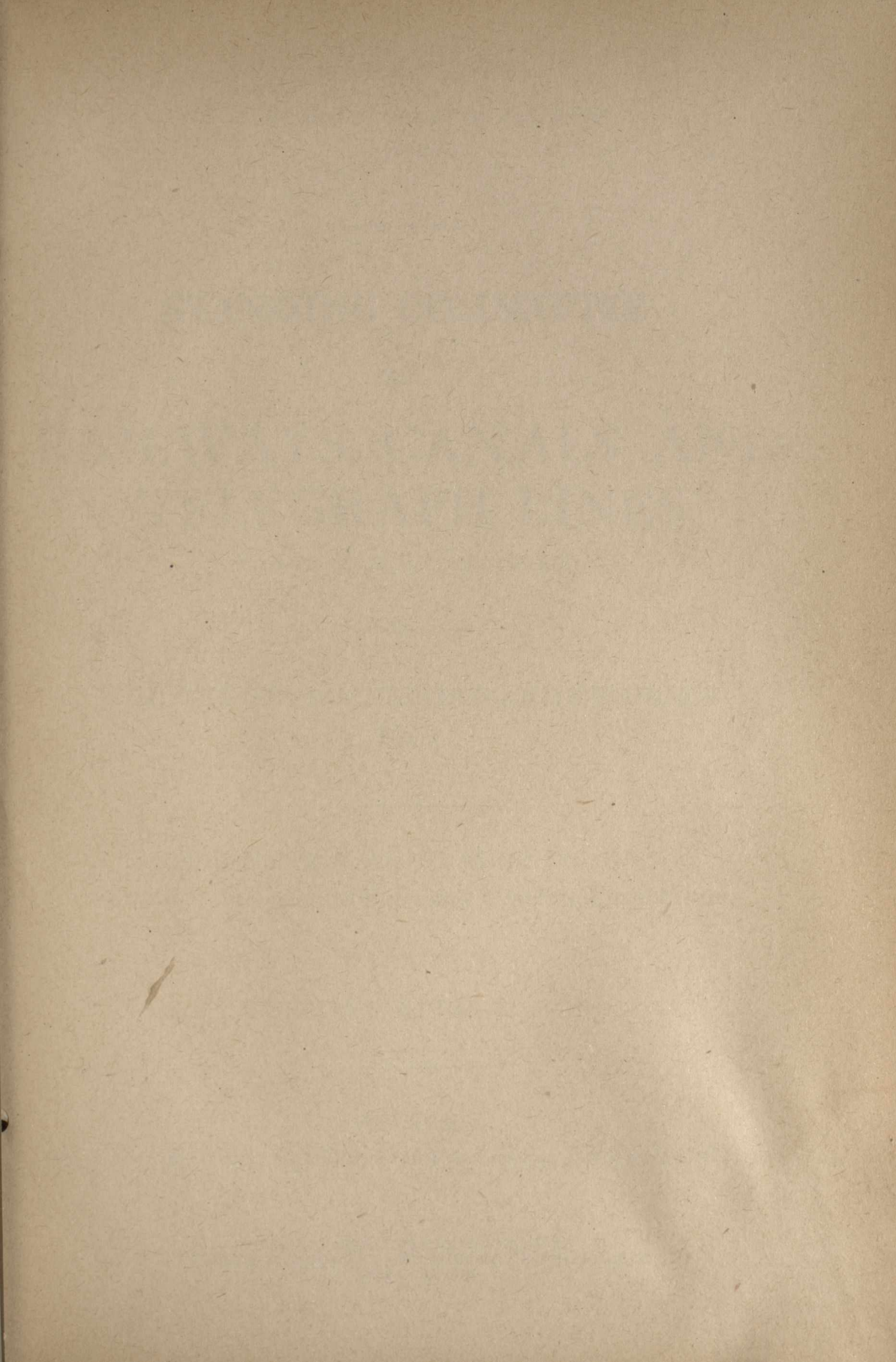
**PRAIRIE TRANSMISSION LINES LIMITED  
LIST OF SHAREHOLDERS**

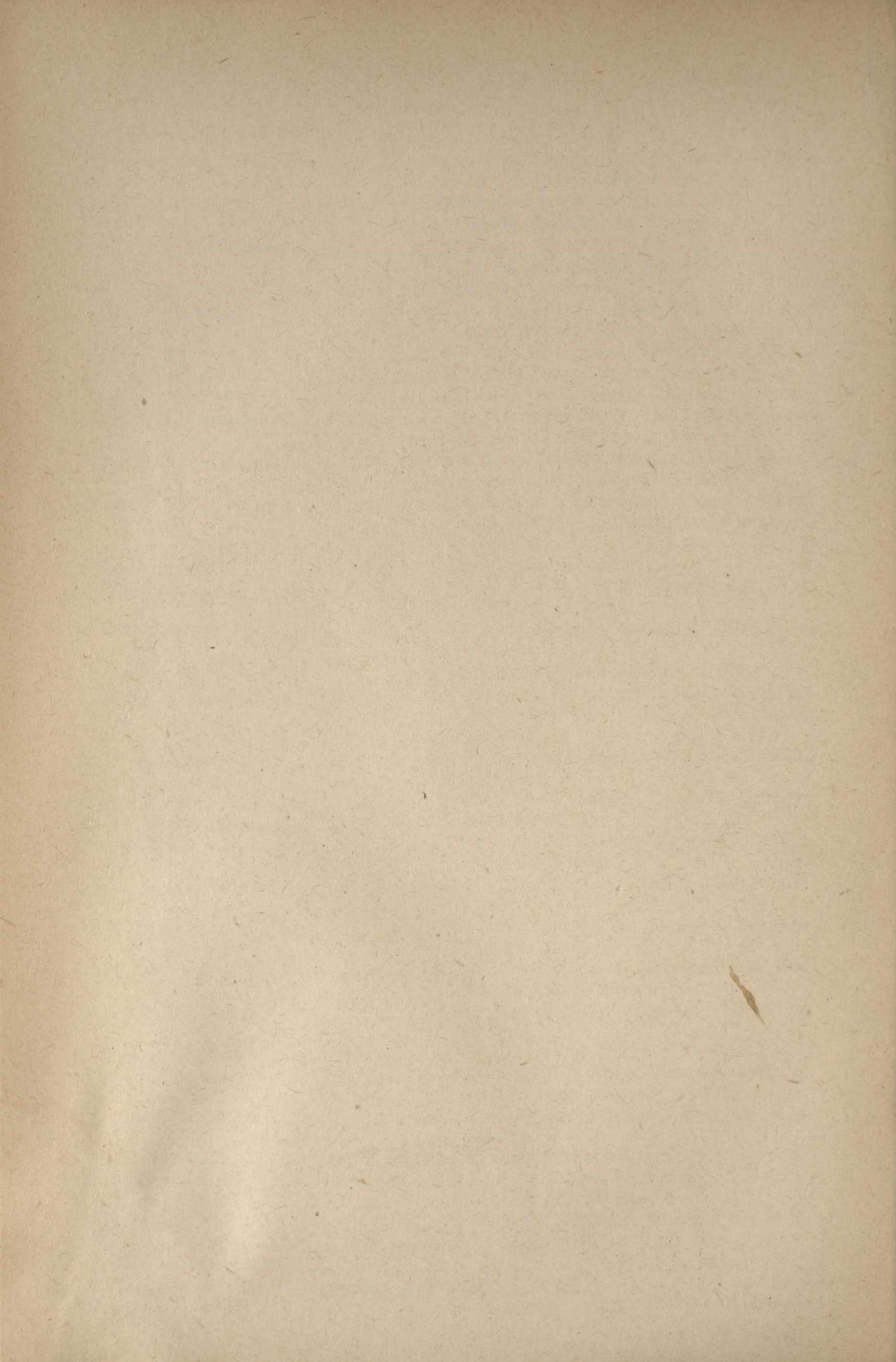
<i>Name of Shareholder</i>	<i>Forward</i>	<i>Address</i>
Alexander Gillespie .....	c/o A. J. Toole,	809—2nd Street West, Calgary, Alberta.
Archer J. Toole .....	809—2nd Street West,	Calgary, Alberta.
Chester Gilchrist .....	Claresholm,	Alberta.
Hales H. Ross .....	Thomson Building,	Edmonton, Alberta.
Dr. Walter MacKenzie .....	830 Tegler Building,	Edmonton, Alberta.
Walter Sprague .....	c/o Sprague Drug Co.,	301 McLeod Building, Edmonton, Alberta.
C. H. Chapman .....	c/o Chapman Insurance Agencies,	417 Empire Block, Edmonton, Alberta.
Kenneth Coppock .....	28 Michael Building,	Calgary, Alberta.
George Coutts .....	c/o A. J. Toole,	809—2nd Street West, Calgary, Alberta.
Dr. J. O. Baker .....	502 McLeod Building,	Edmonton, Alberta.
A. G. Bailey .....	c/o A. J. Toole,	809—2nd Street West, Calgary, Alberta.
S. Bruce Smith .....	304 Bank of Commerce Bldg.,	Edmon- ton, Alberta.
Lee Williams .....	c/o Weiller & Williams Co. Ltd.,	Edmonton, Alberta.
W. L. Wilkin Limited .....	Wilkin Building,	Edmonton, Alberta.
Allan McClean .....	Wilkinson & McClean Ltd.,	10235— 103rd Street, Edmonton, Alberta.
S. R. Stevens .....	c/o Hales H. Ross & Sons Co. Ltd.,	Thomson Building, Edmonton, Alberta.
John F. McDougall .....	c/o McDougall & Secord Ltd.,	211 Empire Building, Edmonton, Alberta.
Alan H. Nash .....	c/o Nash & Nash	603 Tegler Building, Edmonton, Alberta.
John C. McDougall .....	c/o McDougall & Secord Ltd.,	211 Empire Building Edmonton, Alberta.
George R. Howsam .....	10439—121st Street,	Edmonton, Alberta.
Harry B. Armstrong .....	c/o Western Supplies Ltd.,	10301-5— 108th Street, Edmonton, Alberta.
Thornton A. Graham .....	Western Supplies Ltd.,	10301—108th Street, Edmonton, Alberta.
Ellen Margaret Scott .....	625 Tegler Building,	Edmonton, Alberta.
H. Kelly .....	c/o H. Kelly & Company,	10041—101A Avenue, Edmonton, Alberta.
Paul D. Bowlen .....	c/o Regent Drilling Co. Ltd.	P. O. Box 421, Edmonton, Alberta.
James W. Millar .....	c/o Millar Lumber & Coal Co.,	10113— 100th Street, Edmonton, Alberta.

## Forward

<i>Name of Shareholder</i>	<i>Address</i>
A. C. Emery .....	c/o The Emery Co. Ltd., 10151—108th Street, Edmonton, Alberta.
Allan McClean .....	Wilkinson & McClean Ltd., 10235—103rd Street, Edmonton, Alberta.
Thornton A. Graham .....	Western Supplies Ltd., 10301—108th Street, Edmonton, Alberta.
Dr. R. M. Parsons .....	Red Deer, Alberta.
H. B. Armstrong .....	c/o Western Supplies Ltd., 10301-5—108th Street, Edmonton, Alberta.
J. H. Warren .....	10137 Clifton Place, Edmonton, Alberta.
C. O. Asplund .....	Parkside Drive, Lethbridge, Alberta.
John O. Galloway .....	627—8th Ave. West, Calgary, Alberta.
Walter H. Sprague .....	c/o Sprague Drug Co., 301 McLeod Building, Edmonton, Alberta.
Cyrille E. Davighon .....	c/o Royal Trust Company, 10039 Jasper Avenue, Edmonton, Alberta.
Hugh E. Pearson .....	c/o Taylor, Pearson & Carson (Canada) Ltd., 10215—103rd Street, Edmonton, Alberta.
Thomas Riddel .....	Claresholm, Alberta.
A. Newton .....	c/o A. J. Toole, 809—2nd Street West, Calgary, Alberta.
Gordon Smith .....	Grain Exchange Building, Winnipeg, Manitoba.
James M. Taylor .....	Towner Park Road, Sidney, B.C.
Frank Doncaster .....	c/o Doncaster Construction Co., Garneau Theatre Bldg., Edmonton, Alberta.
Robert Kitson .....	c/o Kitson's Pharmacy, Lethbridge, Alberta.
Glen Wilton .....	1502 Victory Bldg., Toronto, Ontario.
E. W. Hamber .....	Vancouver, B.C.
Philip Niles .....	Room 3849, Grand Central Station, New York City.
John A. MacAulay .....	1125 Wellington Cres., Winnipeg, Manitoba.
J. H. Hirshhorn .....	100 Adelaide St. West, Toronto, Ontario.
C. F. W. Burns .....	c/o Burns Bros. & Denton, 244 Bay St., Toronto, Ontario.
John B. Aird .....	112 Buckingham Avenue, Toronto, Ontario.
Harry B. Jackman .....	3 Cluny Drive, Toronto, Ontario.
Gerald Pearson .....	54 Russell Hill Road, Toronto, Ontario.
J. E. D. Stuart .....	Pine Hill Farm, Coburg, Ontario.
Reginald C. Carlile .....	Toronto General Trusts, Bldg., Calgary, Alberta.
W. C. Gilman .....	55 Liberty Street, New York, N.Y.
R. Gilman Smith .....	55 Liberty Street, New York, N.Y.
G. L. Augustus .....	55 Liberty Street, New York, N.Y.
John Edison .....	46 Russell Hill Road, Toronto, Ontario.
Total Shareholders .....	58
Canadian Residents .....	54
Shares held by Canadian Residents .....	73%







HOUSE OF COMMONS  
Sixth Session—Twenty-first Parliament  
1952

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STANDING COMMITTEE  
ON  
RAILWAYS, CANALS AND  
TELEGRAPH LINES

*Chairman: H. B. McCULLOCH, ESQ.*

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 3

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Bill No. 62 (Letter O of the Senate)  
An Act to Incorporate Boundary Pipeline Corporation

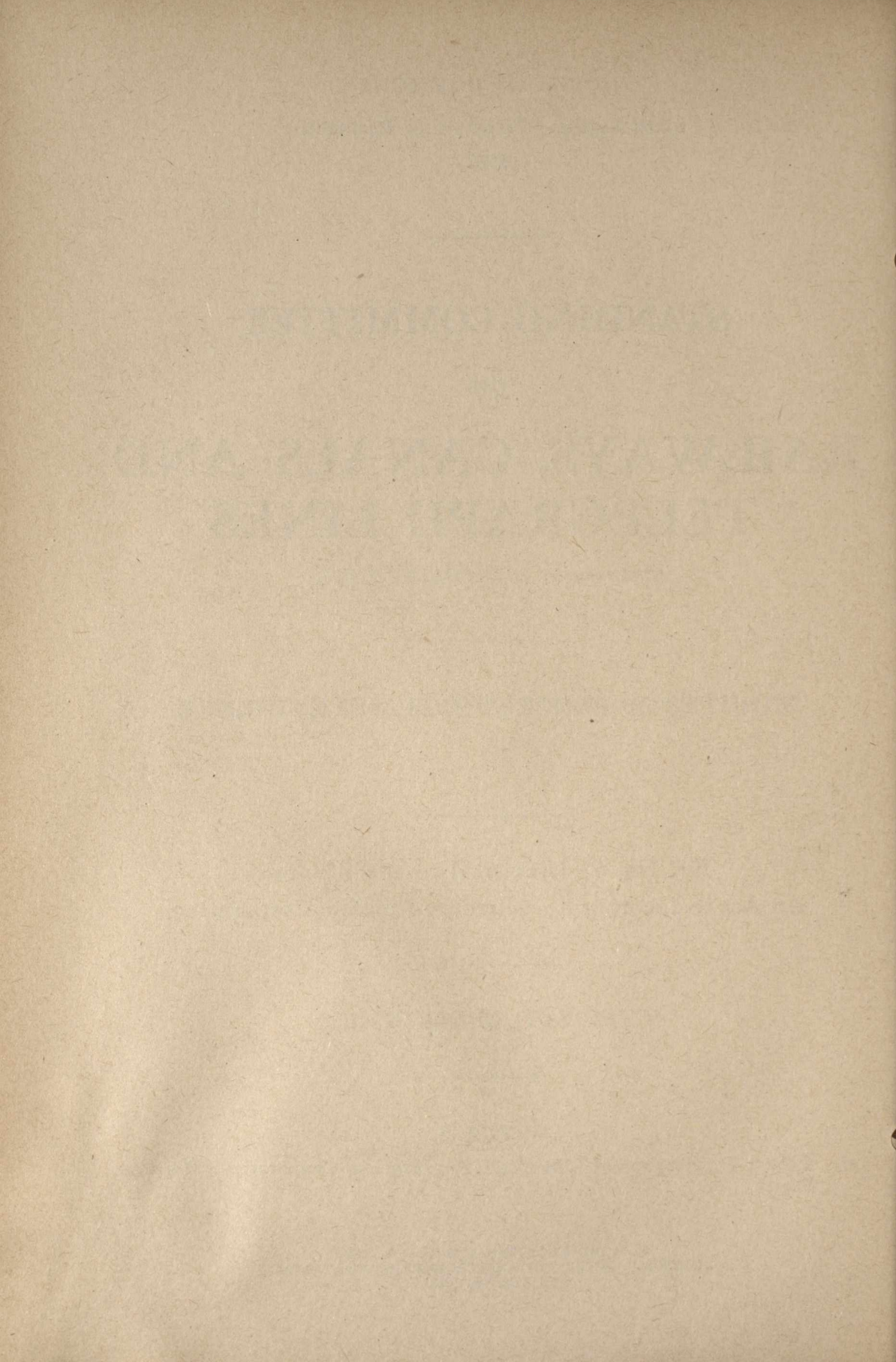
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TUESDAY, APRIL 22, 1952

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WITNESS:

Mr. Robert R. Herring of The Fish Engineering Corporation, Houston,  
Texas.



ORDER OF REFERENCE

WEDNESDAY, April 9, 1952.

*Ordered*,—That the said Committee be granted leave to sit while the House is sitting.

Attest.

LEON J. RAYMOND,  
*Clerk of the House.*

REPORT TO THE HOUSE

TUESDAY, April 8, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

SECOND REPORT

Your Committee recommends that it be granted leave to sit while the House is sitting.

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*

## CORRIGENDA

Evidence, Friday, April 4, 1952:

*page 13, lines 39 to 41:*

The industrial portion of that, the industrial sales would be 16 million per day, and the balance would be between 85 million operating load and the 50 million a day—

should read

The industrial portion of that, the industrial sales would be 16 million per day, and the balance would be *the difference* between 85 percent operating load and the 50 million a day—

*page 14, lines 35, 36:*

That 6 cents represents 100 to 150 million of the 20 year period which the consumers must try to bear.

should read

That 6 cents represents 100 to 150 million *dollars during* the 20 year period, which the consumers must try to bear.

## MINUTES OF PROCEEDINGS

TUESDAY, April 22, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11 o'clock a.m., the Chairman, Mr. H. B. McCulloch, presiding.

*Members present:* Messrs. Bonnier, Cannon, Carroll, Cavers, Gourd (Chapleau), Green, Healy, Herridge, Hodgson, Lafontaine, Macdonald (Edmonton East), MacNaught, McCulloch, McGregor, McIvor, Murphy, Mutch, Nickle, Noseworthy, Richard (St. Maurice-Lafleche), Stuart (Charlotte), Whitman.

*In attendance:* Mr. Duncan K. MacTavish, Q.C., Parliamentary Agent; Mr. Robert Herring, representing the Fish Engineering Corporation, Houston, Texas.

Consideration of Bill No. 62 (Letter O of the Senate), "An Act to incorporate Boundary Pipeline Corporation", was resumed.

Mr. Herring was recalled and questioned.

Mr. Herring tabled "Consumer Load Survey for Proposed Transmission Facilities from Medicine Hat to Winnipeg", which is printed as *Appendix A* to this day's Minutes of Proceedings and Evidence.

At 12.17 o'clock p.m. the Committee adjourned to the call of the Chair.

A. L. BURGESS,  
*Clerk of the Committee.*





## EVIDENCE

APRIL 22, 1952.

11:00 a.m.

The CHAIRMAN: Order, gentlemen, I think we have a quorum now.

The first item will be, shall the preamble carry?

Mr. GREEN: We have not completed with Mr. Herring yet, have we?

The CHAIRMAN: No, that is why I asked if the preamble would carry.

**Robert R. Herring, of the Fish Engineering Corporation, Houston, Texas, called:**

The CHAIRMAN: Are there any questions that you would like to ask Mr. Herring?

Mr. NICKLE: To open proceedings at this time I would like to have Mr. Herring give us in his own words a presentation of a case showing the economics of a pipe line from Medicine Hat to Winnipeg based upon this brief statement already received in printed form, then I should like to proceed with questioning Mr. Herring further after having heard his statement.

The WITNESS: First, Mr. Chairman, I would like to pass out to the committee some detailed facts and figures from our consumer load survey and economic analysis for the construction of the proposed transmission facilities from Medicine Hat to Winnipeg. May I pass out this statement, Mr. Chairman?

The CHAIRMAN: Yes.

The WITNESS: Mr. Chairman, in answer to that question may I say that it is based on an 85 per cent operating load factor on this pipe line. I would like to review the data regarding such an operation. The 85 per cent operating load factor represents centres of population, supplying them; and, clearly, the cost must inveigh upon such an operating program; so that justification for such a program is an important matter in the economics of our pipe line; and I consider that is the primary question Mr. Nickle had in his mind. In that regard I might point out that the major pipe lines of the U.S. use one of two ways to sell their offpeak gas and to maintain a high degree of operating load factor. Those two methods of handling their offpeak gas would be storage and interruptible industrial sales. Where storage is available it is actually preferable to provide offpeak gas to allow you to withdraw from that storage field in the winter time and in that way maintain maximum pipe line efficiency, to maintain your operating load factor, allowing you to sell to your heavy market, which is your domestic, residential and commercial consumer. And now, in the absence of adequate storage facilities on such a pipe line the pipe line company has one alternative and that is the sale of interruptible gas to industrial consumers which will allow you to cut their supply off at a time when it is required for peaking purposes and domestic consumers.

And now, on that basis, we have worked out here a fifth year analysis of the cities proposed to be served by this pipe line.

Now, perhaps I should deal with apparent discrepancies between this analysis and the material which appeared in the original report submitted to the committee. In the original report we designed a pipe line based primarily on a second year load, because it would be impossible to secure financing if you allowed 6½ to 7 per cent earnings to await a longer period

than that to be realized; so we strove to reach that through the design of our structure in the second year of pipe line operation. Now then, in establishing our ability to serve the market on to the fifth year we have studied closely the industrial markets available to the pipe line on the basis of the domestic and commercial growth experienced in these cities along our line. We have taken into account the number of oil burners which have been installed in each of these markets over recent years and the readiness of the various customers to convert to natural gas; and, in making this survey, we have had the experience of some 300 cities which we have served and which have gone through a similar experience; that is, have had experience with natural gas, particularly in relation to the 3 to 5 years following construction of the pipe line; and others such as commercial, converting from the use of artificial gas to natural gas. Following that you begin to arrive at the general experience, practice and detail with respect to the supply of gas to each of these cities. This study is an analysis of the supply of gas for such an operation. The other method of survey has been accepted, both by the Power Commission of North America and as the general practice of market analysis companies in the States. On the basis of that analysis this 65 per cent consumer load factor, worked out for the survey at Winnipeg, is as follows: we estimate that in the general market area of this pipe line we would have an annual degree day deficiency of approximately 10,000. I might explain that degree day deficiency in this way; we consider 65 degrees a normal day, the point at which you begin to heat the home, so that every degree that is experienced below 65 throughout the year is a unit of degree day deficiency; therefore, explaining that on a day by day basis for 365 days we have an annual occurrence of unit degree day deficiency. This experiment which has been carried out has been supported by the Bureau of Labour Statistics and the American Gas Association and others, and it establishes that 30 cubic feet is required for each unit of degree day deficiency. I know that sounds very complicated, but that is what we call the deviation factor in pipe line operation. That is an important factor which is present and has to be considered in a number of aspects. For instance, at 20 degrees below zero, let us say that is experienced at Regina, and you have 45 degrees below zero which may be experienced at Winnipeg—I am using that just as a convenient example, not as an actual case—we need to carry a peak load on this pipe line at all points in this regard, and we have to make allowance for some flexibility. Now then, this one station on this pipe line has an intake pressure of 570-590 pounds. The normal pressure is a 1,000 pounds a station. We would not need that entire 1,000 pounds pressure to maintain our forecasted 85 per cent operating load factor—particularly as soon as we get our loops built in our line to Winnipeg, so as to be able to maintain the pressure required. You also have the deviation factor of pipe line operation in that regard to use in these steam generating plants which are spread out along this pipe line, so as to be able to utilize the pressure on your pipe line as your load declines. In other words, while we will supply an interruptible service to these steam generating plants they will also to a certain extent continue to depend on oil; nevertheless, we will be able to furnish some gas to these steam generating plants, but at times their gas supply will be restricted. As the domestic and commercial load otherwise declines we increase the supply to the steam generating stations as an interruptible supply. They are restricted in their use of gas. These are essentially the standard figures and the amount they get depends on consumers demand. Theoretically, the entire interruptible supply will be going to those steam generating stations; any excess of gas will be used by them. But what we are looking at is this 100 per cent load factor. We have sufficient facilities along this pipe line to take care of the entire interruptible supply considering that this unit that we will be operating will be operating at about 30 per cent operating load factor.

Now then, to give you the load in the case of this operating pipe line to which I referred a moment ago; where you are using one of these two means to build up your gas reserves, they have been able to maintain a 95 per cent operating load factor, using storage to maintain their peak gas. Eastern pipe lines are maintaining a service into Montana and west of there operating at about 95 per cent operating load factor, and they are doing that through the medium of these interruptible sales and storage. Last year, during the coldest days of the winter they maintained, there over the year experience was that they maintained a 95 per cent operating load factor and did not have to cut off their interruptible load customers at all. And now, by that I mean they have sufficient storage capacity in this storage field to maintain their operating load factor on that pipe line. Another case is that of the trans-continental serving New York city which maintained about a 95 per cent load factor, and one of their main customers is a steam generating station in the city of New York, and they were able to serve them also. The Northern Natural system is one of those which is not operating at as high a load factor as the others. The load factor maintained by them to central points in the west such as Minneapolis and St. Paul, is around 78 to 79 per cent; but in their case they have no storage field available whatever, they are utilizing small interruptible contracts. Growth of population is also a factor which has to be considered. Your firm use comes from your domestic and commercial consumer, and as well from your firm industrial users. It is factors such as those which play a major part in the picture throughout your operating year, and it is that volume that is created in consumer demand which you have to depend on to maintain this load factor. It is with the expansion of that consumer load to which I referred that you build up in your fifth year what I have shown in this analysis, and in doing that you arrive at the consumer load indicated in the survey for the fifth year which serves about 79.83 million per day.

*By Mr. Nickle:*

Q. Is that in this report?—A. These tables are just one of those load factors.

Q. You have summarized them?—A. I have summarized them.

Q. The total load is 79 million?—A. 79 million. Now, you will notice an apparent discrepancy between the figures in the report submitted to you earlier in this proceedings and the figures in the report which has been presented to you this morning on the consumer load survey based on a five year experience. The reason for that apparent discrepancy is, as I stated, that we have designed for a second year. In other words, our first report shows what we hope to realize in the second year. The first report, dealing with second year operations, indicates what is necessary to maintain the volume of gas which will make the pipe line profitable. Our proposal to our clients is that they sell in this manner, that they establish contracts with the stations on a firm basis for approximately 3 years on a certain volume of gas and on an interruptible basis following that 3 year period. That will allow for the probable gradual growth of these utilities and having an interruptible gas market available at the time when it is required. You will notice in the case of Brandon we forecast 1,000 million cubic feet (M.C.F.) in that second year. In this consumer survey on the 5 year basis you will notice that we have shown a different figure, that we will need approximately 5 million cubic feet per day. At the present time there is not a sufficient interruptible load available at Brandon to support that additional load. What we have done is to design a pipe line which will give us the types of gas needed up and down the line. Now then, the fact is that we have not found the enthusiasm at Brandon for natural gas which is anything like what we have experienced with other cities along the line. You see, you are greatly limited in your ability to expand by the willingness of potential customers to convert, to spend money for the conversion

of oil or other types of units to use natural gas. Then to, an important factor, is interesting distributing companies in going to the expense of installing the equipment and system necessary to supply gas to a city like Brandon. I give you the case of Brandon as an example of the difficulties and the restrictions which are involved in making a market survey of this kind.

One further remark before I complete my explanation of these economics and the reason for the very cheap cost our client is experiencing in regard to this survey. The reason for that is that we have handled a number of other pipe lines that we have been on, several of which I have mentioned, particularly some of the major pipe lines in the United States; and we are more than willing to have a special arrangement here, our arrangement is to do this work for our clients at absolute cost, and we are doing that in the hope of getting the engineering contract for this large job. We are a completely integrated company with marketing services available, and we are an engineering and construction firm as well; we have some 3,500 people in our employ and we are primarily engineers; and we are most anxious to build this pipe line. And now, I think I mentioned to you on a former occasion, that the ownership of this company is 75 per cent Canadian; we have requested 25 per cent of the stock as a fee for our engineering services; that is, for doing this job at cost. We are not participating in the pipe line company.

Now, gentlemen, I think that with these remarks I have briefly set out the basis for the economics for that particular project. All of our projects have been financed in New York city by established financial houses. I think that we have tabled the machinery on that point before you.

*By Mr. Carroll:*

Q. You referred to the Brandon situation. Is there any basic reason why the people there are not very much interested, not as much as other people along the route?—A. No, sir. I think that when the time comes they will be just as enthusiastic about it as the other cities. As I explained, our people found that in Brandon they are well set up with oil heating furnaces, but, like other cities along the route of our pipe line, they have been growing rapidly. At the present time they may be interested in oil, and that undoubtedly has something to do with the lack of enthusiasm there; and, further, I imagine a good many of our potential customers have oil furnace installations which are being financed on a time basis and that is, of course, a matter which complicates the picture, making such a potential customer less inclined to take on the added obligation of converting from oil to a gas furnace.

*By Mr. McIvor:*

Q. Mr. Herring, when do you expect to start building your pipe line?—A. Well, sir, I would imagine that would depend on how soon they get the necessary authority. My own view is that they should apply as quickly as possible to the province of Alberta for gas. A great deal would depend on the degree of co-operation we receive there, because we would require that in order to be able to go before the Board of Transport Commissioners. We feel that one summer's construction period would enable us to build this pipe line. If we get the necessary approval we can go ahead this summer it should not take very long to have the pipe line in operation, that is providing we can go ahead with construction this summer, we can do it in one summer. However, if we have to wait until the fall before we get our necessary authority we would not be able to commence construction of the pipe line until the following spring.

*By Mr. Nickle:*

Q. Mr. Herring, in your survey, dealing with Winnipeg first, approximately 65 per cent of your annual load, according to your figures, would represent the interruptible industrial load. Could you give us any specific figures as to what

industries would actually use that volume of gas that would be available to them in the fifth year?—A. The survey was created, or carried on—rather it included the steam generating station of the local power company there, and again I qualify myself in that I did not make this survey personally, we contacted that agency—then there is the meat packing plant and two small industries which gives them the necessary volume represented by those figures.

Q. Mr. Herring, during this last period, since the last session, I, like yourself, have been doing some investigating to see the possibility, the economic possibility of this particular line stopping at Winnipeg; and I suggest that the large interruptible load, according to your figures, is the determining factor in whether or not such a line is feasible. I have done some checking up on the markets which might be available on an interruptible load basis, and at Winnipeg the information appears to be that the larger industrial markets are those which are basically on the same seasonal basis as the domestic consumer which would mean that these industrial markets would require their largest volume of gas during the winter periods when your domestic demand is at its peak?—A. Yes.

Q. And during the summer time when you would have an interruptible load available for industrial purposes industries would not require it. Would you give us anything on that?—A. Yes. For instance, in the steam generating station, and all of these industries, there will be a greater use in the winter time than in the summer time. The entire facilities we propose to use will necessarily have to maintain standby facilities. It is doubtful that we would ever supply the full requirements of the Winnipeg steam generating plant, nevertheless there is sufficient load available during the winter months for gas alone to meet—rather, I should have said, during the summer months—for interruptible gas to meet this volume of sales. And now, they seem to rely strongly on the power corporation there to give them the best information available, which they utilized, and that is the information on which we have gone.

Q. Could you file that letter with us?—A. Yes.

Q. I do not want to seem to be harping on this point but our own survey, a survey made on our behalf, of the Winnipeg market would indicate, of the industrial market, that your annual potential consumption would be considerably smaller than you have estimated here; that not only would this industrial figure be somewhat smaller but that the domestic demand would be relatively the same seasonally as this interruptible load, and that that would naturally result in very much smaller load factor than the 85 per cent that you say will be the minimum necessary to carry the line on an economic basis.—A. We would be glad to supply the basis of our prognostication to the committee.

Q. Could you give us specifically any other industry at Winnipeg which would be included in your 11 billion cubic feet?—A. Thus far we will not disagree on our supply. I do not think you will find a difference of more than 5 or 10 per cent.

Q. That is for your main users?—A. The primary companies to which I refer, the power corporation, the meat packing plants and two other industries. There will be a sufficient demand from those companies, as we see it, to carry the line. You will find that detailed in the letter which I have undertaken to supply to you. Unfortunately, I haven't got it with me at the moment but I will get it for you while we are here. We have very seldom had any questioning of our surveys in these cities and we have financed up to \$240 million in regard to major pipe line operations in which we are interested.

Q. Well, Mr. Herring, so that there will not be any misunderstanding I would like to make it clear that I am heartily in favour of gas export from Alberta, but I am also concerned, of course, that the company which goes out into the market to secure its funds has an economic and sound proposition to present.—A. Surely, we agree on that.

Q. I think that we should also check the economic feasibility of a route such as you propose, and I think that we should supplement with our own figures the information supplied to us from the U.S. in connection with the cost of a line from Alberta to Winnipeg. Over the last few years that route has been studied several times and on at least two occasions detailed submissions have been made to the proper authorities in Alberta, and they seem to indicate that a line from Alberta to Winnipeg, stopping at that point, would not be economic; that a pipe line could not pay off, nor could gas be delivered at a competitive price with other fuels. It was for that reason that we thought it desirable to have separate surveys made in order to determine the possibility of developing and maintaining a more adequate load. There was one company, with which you are no doubt familiar, that planned to build a route to Winnipeg to serve the mid west, and after a review of the situation they decided to go ahead with a project in an entirely different direction. Now, as a result of these surveys, we have had some submissions made to the Alberta Oil and Gas Conservation Board.

Mr. CANNON: Mr. Nickle, on whose behalf were these surveys made? You say "We did this" and "we did that" but the committee might like to know on whose behalf the surveys were made?

*By Mr. Nickle:*

Q. I have been trying to accumulate the information relative to industrial markets in the last week. As to the economic surveys and the industrial surveys of the line from Medicine Hat to Winnipeg, the one filed with the Alberta Conservation Board was made by the firm of Ford, Bacon, and Davis, for West Coast Transmission Company in 1950. The conclusion reached by that engineering firm, which I think you will admit is a firm whose reputation is on a par with that of your own firm, was that a line to Winnipeg, and stopping at that point, would not be economic because of the low load factor and the absence of any large industrial market that could be supplied on an interruptible basis.

Now, a very detailed engineering survey was made by the company which was first in line for ratification or incorporation, the first to seek a permit to export gas eastward from Alberta, Western Pipe Lines. I understand their survey, although they did not file detailed engineering reports with the Conservation Board of Alberta, indicated the same conclusion as that reached by Ford, Bacon, and Davis. In other words, a line through Saskatchewan to Winnipeg would not be economic and their plans, as you know, have been revised to provide for something like 25 per cent of their market in Saskatchewan or Manitoba, and roughly 75 per cent of their market in a much greater industrial load market—the mid-west United States.

In view of the conclusions reached by these two other firms we would like to know how, in two years, has the picture changed so drastically that a line to Winnipeg is now completely economic and can pay off?—A. Do you have the load requirements as forecast by those two companies? I would like to take Regina first?

Q. I did some comparing of the last report to the Alberta Conservation Board by Western Pipelines with your own preliminary briefs. First, the maximum daily demand for the first year's operation serving all communities which you have listed on your proposal—Regina, Moose Jaw, Swift Current, Brandon, Portage la Prairie, Winnipeg, Transcona, and Selkirk—is 44.85 million cubic feet, compared with your 74 million. Their estimate of the annual demand for the first year is 6.087 billion cubic feet, compared with

your figure of 22.95 billion cubic feet.—A. All right, sir. From that information it is quite obvious that if you receive letters from say five key industries supporting our information on the interruptible and domestic markets that would make the difference.

Q. That is right?—A. We would be glad to supply the information. For instance, at Regina the local power station will use 17 million cubic feet a day. That does provide for a very large sale to industrial markets during the initial years. The present price of oil is a factor. They have all started going to oil but its price is above the competitive price which we forecast and we have their statement that at competitive prices or better they are ready to go for natural gas. I would be glad to supply the information.

Q. Did this particular power plant supply you with figures for minimum and maximum demand?—A. Daily and by months.

Q. How much of a swing is there between the low point of domestic demand in the summer and in the winter?—A. In Regina, no more than 15 per cent.

Q. In that connection would you provide us with your figures for Regina?—A. Yes.

Q. By companies, for the interruptible load?—A. We will file that with the committee.

Q. And the same for Winnipeg. This figure of 11 billion cubic feet is a very large percentage of the 65 per cent total Winnipeg demand, and a very large per cent of the total demand which you expect to be served by that system in the fifth year of operation. For that reason and in view of the fact that two other companies have made economic surveys and have come to an entirely different conclusion, I feel that this committee should properly have access to complete details of the industrial markets proposed to be served by Boundary?—A. We readily acknowledge that the basic economic support for this pipe line is the industrial market and we would be glad to supply the information.

Q. Have you that information in Ottawa with you?—A. No, I have not. I will wire Houston for it.

Mr. CANNON: Were the surveys made by other companies which you mentioned made in relation to the fifth year of service?

*By Mr. Nickle:*

Q. I will give the fifth year of service which will perhaps be a fairer comparison with your totals. You calculate by adding annual sales to the fifth year for each of these cities that you will have a market in the fifth year of 26.385 billion cubic feet. The figure for the same cities for the fifth year calculated a few months ago by the engineers for Western Pipe Lines, prepared by Stone and Webster Surveys Corporation, a top ranking firm of engineers, is 15.46 billion cubic feet, which is roughly 55 per cent of the market which you calculate.—A. The actual difference you are presenting lies in this load factor you are speaking of. If there is sufficient market in these cities to maintain the load factor their figure would come on up to approximate ours. In other words, the figures for the industrial market in the initial years support the pipe line. It is not economical to build a pipe line solely for domestic consumers. The thing I should do is to establish for you the evidence we have on the industrial markets.

Q. I will go a little further and then come back to the industrial markets. Again, quoting the figures of Stone and Webster on behalf of Western Pipelines, and given to the Alberta government, the load factor calculated for the first year is 37.2 per cent.—A. Does that include interruptible sales?

Q. Yes. The load factor calculated for the fifth year is 38.3 per cent. According to your statement you require a load factor of 85 per cent to

carry the pipe line?—A. I would like to clarify that. To make sales at 25 cents per m.c.f. in Regina, wholesale, and at 30 cents per m.c.f. at Winnipeg, we will require an 85 per cent operating load factor. That will give us a price below oil for those two consumers. We need to approximate that price and we can show you that evidence.

Q. Well, since during the easter recess we did not have this consumer load survey that you have just given us, I had to use the calculations which you did give us at the first meeting. Using your cost figures throughout and using Western Pipe Line figures on the markets for the several communities you would serve, I have arrived at a few figures which may be of interest to you. On the basis of Western Pipe Lines market survey you would have an average cost of gas, to earn you  $6\frac{1}{2}$  per cent, of 81.58 cents per m.c.f. for the first year's operations?—A. Are you sure that is correct.

Q. On the fifth year, again using Western's figures you would have an average cost of gas, in order to earn  $6\frac{1}{2}$  per cent, of 37.3 cents per thousand cubic feet. Your own calculations are based on a 27.9 cent average price. Now, what would a price in the fifth year, almost triple the price for the first year do to the economics of your line? To what extent would the higher cost of gas eliminate the industrial, domestic and commercial markets?—A. The domestic and commercial markets could stand a higher price, but without that industrial market that pipe line is not economically feasible. The thing we have to do is to beat the price of competing oil in those markets.

Each point you have brought up comes back to the same thing—that the industrial market must be there to support the pipe line. If we supply that information it seems to me that we have answered each question that you have in mind.

Q. It boils down to this. If you can establish an industrial market on an interruptible basis, which would not reflect the same trend in seasonal demand as does the domestic market, a line to Winnipeg would be feasible?—A. We must utilize this industrial gas available in the summer time. We will supply information on the basis of the demand volume that exists for those summer months on an interruptible basis.

Q. Would you list each market in each community, giving us an indication of its annual demand for gas—its minimum and maximum annual requirement related to months.—A. In other words, going beyond the industrial information I should give you the domestic and commercial information as well.

Mr. WHITMAN: Are you prepared to do that?

The WITNESS: Yes, we are prepared to do that. It will take a matter of two or three days for me to get the information.

The CHAIRMAN: Are there any further questions from you, Mr. Nickle?

Mr. NICKLE: That pretty well covers my questions.

The CHAIRMAN: Is it your wish to have this report that Mr. Herring has given us printed as an appendix to our proceedings?

Agreed.

*By Mr. Green:*

Q. Mr. Herring, can you give the committee some details of the market for natural gas in the mid-west States?—A. Of the United States?

Q. Yes.—A. No, sir but that information is readily available through a book known as Brown's Directory. It gives the entire sales of Northern Natural which covers those states. I do not have that information with me. I might add one thing—the over-all sales of Northern Natural are somewhat over 850 million cubic feet in their pipe line system.

Q. Where is that?—A. From the Panhandle in Texas to Minneapolis and St. Paul—covering the cities and routes such as Omaha and others.



Q. Well, if you are able to get sufficient gas in from Alberta you would be running a line or lines down to the boundary?—A. No, sir. Our recommendation to our clients has been this, as previously stated: That the initial objective should be to serve these two provinces since we have established this market. If additional gas is available at the time we are ready to market it we would recommend the most economical way of handling any declared surplus from Alberta—on the basis that the only economic area is the central United States.

Q. What do you mean by the central area?—A. The area served by Northern Natural which is the company that Western has proposed to sell to.

Q. Do they serve Minneapolis and St. Paul?—A. Yes.

Q. Chicago?—A. They have no service in Chicago.

Q. What about Milwaukee?—A. The Milwaukee system is served by Wisconsin. I think it is a different system.

Q. How would that market for gas compare in size with the markets there would be in Saskatchewan and Manitoba?—A. Considerably greater. I might point out just one thing. A pipe line company is always seeking these off peak sales. One of the most advantageous sales by Northern Natural has been that involved in the dehydration of alfalfa for the making of pellets for cattle in the winter months. It would be a very advantageous thing for Saskatchewan and Manitoba.

Q. What would be the comparison between the market in the Canadian provinces, Saskatchewan and Manitoba and that in the central States?—A. I do not think you can compare the two. You can take pipe lines and compare them but without the industrial markets and a complete survey of them there is no comparison between the two. In other words, the Northern Central system would not be economically operated without the interruptible sales. The big power plant at St. Paul is one of the main off peak customers. The same is true for this pipe line. You have got to maintain the off peak sales or it is not economical.

Q. You would not go any further except to say that the market in the central States is much greater than that in Saskatchewan and Manitoba.—A. Yes, that is correct.

Q. Is it several times larger?—A. Yes.

Q. If the gas should go in that way to the central States, by your pipe line or through pipe lines with which your company makes an agreement in the United States, where will Ontario and Quebec get their gas?—A. Well, sir, as previously stated, the advice we were presenting or that we would present at that time would be based on pure economics. As an engineering company we have put testimony forward in Alberta in which we have stated that the logical way, in our opinion, in which to serve Ontario and Quebec is by an exchange of gas with the United States. A pipe line with excess capacity already exists. It goes into Detroit with two twelve inch lines across the river. The facilities are available for such service. We still contend at the present time that is the economic way of getting gas to eastern Canada. There again we come back to the problem Mr. Nickle has been bringing up—without the economics you cannot build a pipe line. As an engineering firm we would quickly lose our reputation if we did not remember that.

Q. You think the plans of Trans-Canada Pipelines, which of course were backed by engineering opinions, are not economical?—A. On the basis of our market survey the average price paid by industry today in Ontario and Quebec is 42 to 43 cents. In our opinion you must beat that price to establish a market for gas during the years while you are waiting for the build-up of the domestic and commercial customers.

Q. Well, you realize that Trans-Canada Pipelines is the company which was planning to build a line from Alberta right through Canada to Toronto and

Montreal?—A. That is correct. Their own testimony was that they would require an 85 per cent operating load factor at 15 cents per m.c.f. average price for the sale of their gas, to bring the \$350 million odd back here to eastern Canada—Ontario and Quebec. On that basis we think that the price is approximately 6 cents too high, and we think some method of defraying the cost must be discovered in order to enable that company to sell gas in these two provinces. The only thing we can think of is a subsidy or some other method of defraying costs such as relief from income tax while they build up the company. Again, we are giving you the economics as we have judged them from an engineering standpoint. We have studied the Trans-Canada estimate but we are not in agreement with it. I could go into further detail on the basis differences between the two companies but I do not think it necessarily arises.

Mr. MUTCH: It might be very interesting—

*By Mr. Green:*

Q. Well, you say then that the Alberta gas coming east should go to what you call the central States and that Ontario and Quebec should rely on gas coming directly from the United States?—A. If there is sufficient gas to do so. If gas can be moved from Alberta clear through the prairie provinces to serve the northern central territory with great volume it would establish a basis for reciprocal exchange. Likewise, if there is sufficient gas for the Pacific northwest there would be a basis for exchange there. That would be our recommendation at this time.

Q. Your plan for Ontario and Quebec is that they should get their gas from Texas?—A. From the Panhandle Eastern system, yes.

Q. And that would mean they would have to make some agreement with the American companies before they could get American gas?—A. I think it would be the other way around. For instance, the first movement of gas under such an arrangement would be from Canada to the United States. If your Board of Transport Commissioners agreed to such an arrangement they could provide their own terms and conditions under which it could be carried out; and then any effort on the part of the United States to carry out the exchange would be at their initiative. In other words, the agreements would be by American firms with Canada.

Q. Is your company known as the Fish Engineering Corporation?—A. That is correct.

Q. Is Ray Fish the chairman of that corporation?—A. He is president of the company.

Q. He is also chairman of a company known as Northwest Pipelines Corporation?—A. Pacific Northwest Pipelines Corporation.

Q. Pacific Northwest Pipelines Corporation?—A. That is correct.

Q. You talk about this exchange basis but I suppose you know that within a day or two after the Alberta Conservation Board recommended that gas be exported from the Peace River district to the west coast, your president, Mr. Fish, stepped right in and said: If this was going to be done he was going to put Texas gas into Oregon and Seattle to prevent gas from the Peace River district getting into that market?—A. I do not believe he said that.

Q. What did he say?—A. Well, if I may ask the indulgence of the committee—

Mr. MUTCH: This certainly requires it, and most of the discussion for the last half hour has been completely unrelated to what is before the committee.

Mr. GREEN: Mr. Mutch, perhaps you were not here.

Mr. MUTCH: I have been here since the beginning.

Mr. GREEN: I speak of the first sittings of the committee. As far as I am concerned the only thing I am interested in is that Ontario and Quebec have an opportunity to get Canadian gas. That is all that worries me and if you are not interested in that it is a different matter.

Mr. MUTCH: Naturally I am interested in anything that interest Canadians in general, but I am one of those peculiar people who try to organize their minds—

Mr. GREEN: Hear, hear.

Mr. MUTCH:—in order to deal with the matter before me. The application before the committee at the present time has relationship to nothing east of Winnipeg. Although I have enjoyed it and I do not object, for the last half hour we have been arguing the whole question of exporting gas—a subject which has been argued ad nauseam and which will continue to be so argued. The fact is that the discussion has been informative but bears no relation to the responsibility put on this committee—that of dealing with a specific bill. Of course I am interested in what happens to the country.

Mr. GREEN: It is very material because this company is asking permission to pipe gas outside of Canada. It was admitted the other day that they were planning to pipe it into the central States. Mr. Herring has admitted the same thing today and says that he believes that is the economic way to dispose of surplus Alberta gas. If this is done—and I think this is also admitted—Ontario and Quebec will get no Alberta gas and they will have to depend on some kind of an agreement with the States for just what is left over of American gas; and that is the important point, that is the issue at stake here. My question, I want to make perfectly clear, is entirely relevant, Mr. Chairman.

Mr. MUTCH: I disagree with you on that.

Mr. GREEN: I did not expect you to agree with me on anything.

Mr. MUTCH: I have to be consistent.

The CHAIRMAN: Would you answer the question, Mr. Herring?

The WITNESS: In answer to your question may I say that our company has been very active in the promotion of pipe lines in the United States because it is our feeling that without such promotional activities these pipe lines would not be built. With our experience of approximately six years in building the trans-continental system to New York from Texas—with that background we entered the Canadian picture. At that time it was our hope to build a pipe line from Texas sources to the Pacific north-west, to bring the Alberta gas into the market from Pincher Creek, with the idea that a joint service of the market would be doubly dependable; if it would provide Alberta with the means of initiating service on a small basis and it more nearly meets the needs of Alberta for their own requirements. We proceeded with that application in Alberta. During the interim period it became apparent there was sufficient gas for the entire market. We applied for such a service. At the time approval was given for 300 billion cubic feet, which today is sufficient for 30 million cubic feet per day. At the time that was granted the other applications were turned down. We offered last year to supply the Pacific north west country with Texas gas at 38 cents per m.c.f. At that the time the Gulf Company entered the Pincher Creek field and offered to market a 30 cent gas until Alberta approved the Pincher Creek field. The idea was that they would agree to sell Pincher Creek gas at such a price, that the difference in price would be sufficiently attractive to the market. They waited. Alberta turned down the export of gas to United States areas on the basis that to supply the American continent down there would not be possible because the 300 billion feet of reserves would be insufficient to supply the market.

Mr. CANNON: Pardon me, Mr. Chairman, but I can hardly hear the evidence of the witness. I wish he would speak more slowly so we would be able to hear him.

The WITNESS:—because the 300 billion cubic feet of reserves would be insufficient to supply the market, and as a result of that the markets have

requested us to come back with the Texas proposal. We are doing that at the present time. A meeting took place yesterday, and is continuing today on such a proposal. Even if we are successful in supplying gas to the Pacific north-west market we are still extremely anxious to get gas from Canada, at the same time as the west coast discover their reserves and bring them into Vancouver for delivery in that market. I have never seen the day in a populated section where 200 million cubic feet of gas was not a marketable item. We have been informed that the west coast, if they had the reserves, have the market; and any such agreement at that time was entirely feasible. We would prefer to have the gas come from Pincher Creek because there are two trillion of proven reserves in that field. It requires a large volume to be economical because of the extreme cost. I think that is a logical service. They have turned that down for the time being. That is the present status of that entire picture up there. We are not threatening in any way in this remark that has just been made, the Alberta government or the Canadian government. We are trying to get gas to the Pacific north-west market because we own the Spokane distributing system and we are losing money there every day, and we would like to get enough natural gas in there to serve the market.

*By Mr. Green:*

Q. Mr. Herring, is your Mr. Fish or his company a leading spirit in the complaints that have been made, that are being pressed by the distributing companies in either Spokane, Portland, Seattle or the other points?—A. No, sir. We are not taking any questionable attitude. We have been one of the most active participants in the Alberta picture and we will continue to be one of the most aggressive participants in here. Any time a sufficient volume of gas is available to make it economically feasible to develop sales through pipe lines and otherwise we would be actively in the picture, we are very anxious to assist in this development.

Q. I asked you that question because of the fact that on my way through Calgary on Saturday I picked up a Calgary paper, the *Calgary Albertan*, for the 19 of April, 1952, and it bears the heading that, "Irked at Alberta—seek Texas gas". This is the report indicating that Pacific north-west pipe line is planning a "130 million Texas-Puget Sound natural gas pipe line"; and that Mr. Gellert, president of the Seattle Gas Company, said that executives of the firms supplying Spokane, Yakima, Tacoma, Bellingham, Wenatchee and Walla Walla will leave here (Seattle) by plane with him Saturday for Texas. He said (and I quote): "He said the group would confer Sunday and Monday at Dallas with Ray C. Fish of Houston, whose Pacific Northwest Pipeline Corporation is planning a 130 million Texas-Puget Sound natural gas pipe line".

Mr. Herring, am I putting the picture unfairly when I say that your company has been behind the Pacific Prairie Transmission Lines Limited?—A. Yes, sir; our company associated itself with Prairie at the time it became interested in the general supply to the north-west, in order to secure additional necessary facilities.

Q. And the plan of that company was to draw off the gas from Pincher Creek in southern Alberta and take it down into the States at the nearest available point to serve Spokane, Seattle, Tacoma and Portland, with a stub line up to Vancouver; that was your plan for Prairie Pipeline transmission, was it not?—A. That is correct.

Q. And you ran along until you made your application to the Alberta Natural Gas Conservation Board, did you not?—A. That is correct.

Q. Along with the other companies with which you were in competition, and about three weeks ago the Alberta Gas Conservation Board recommended that gas for the west coast should go from the northern part of Alberta. That was the picture up to that moment, that is correct so far?—A. Not entirely.

Q. Well, would you correct me?—A. Just at one point which I would like to put to you and that is that we offered gas last year to Pacific Northwest but they did not deem it feasible to carry the supply from the Peace River field; but we have been actively engaged in developing the supply of gas from Alberta to be part of that picture.

Q. I see.—A. And we have continued our active interest, but the picture changed with the recommendation of the Alberta Conservation Board. Following that the Alberta Board came out with the announcement regarding the west coast line and taking gas from the Peace River field.

Q. Yes.—A. You referred to one market in which we are directly interested as a distributing company. You referred to Mr. Gellert, the president of the Seattle Gas Company, that is one of the distributing companies. You may recall that Mr. Gellert made the statement last year that it was very difficult to find an adequate supply of gas to serve the market, that the situation was becoming very difficult insofar as operating in and around Seattle was concerned, and that Alberta had turned him down. It was then that he issued a prepared statement to the press announcing his opinion that there would not be sufficient gas available from the Peace River to supply the north-west market area, and that is why he re-opened the Texas proposal; and, in that connection, I do not think the implication of juggling is fair either to him or the company.

Q. Well, the same day that the Alberta Conservation Board made their announcement your Mr. Fish rushed into print with a statement saying that he would get Texas gas to supply Tacoma and Portland.—A. The following day, the day following the day he had that conversation with Mr. Gellert.

Q. But Mr. Fish himself rushed into print with a statement criticizing Alberta, saying that he would not be able to get sufficient gas to serve the market from that quarter.—A. I do not think that is correct. What Mr. Fish said was that they would go ahead with the Texas proposals, and that while it was the intention to do that he was still extremely anxious to get Alberta gas, and is still anxious to get gas from Alberta.

Q. But in the interim he said that he would go ahead and get the Texas gas into Oregon and Washington.—A. Well, still awaiting the decision of the Alberta government, probably sometime next year; that is probably correct.

Q. Now, in this bill which you are sponsoring, which you are supporting, you are laying another plan to get Alberta gas down into the central States?—A. That is correct.

Q. And so far as Ontario and Quebec are concerned—

Mr. WHITMAN: Where does the bill state that?

The CHAIRMAN: I don't see that.

Mr. GREEN: Now, the witness has made his statement. Is that your plan, or is it not?

The WITNESS: I think, Mr. Green, I have made it very clear that I would recommend to the company at such time as there was sufficient gas to make it economical to use that gas in that way we would do so. At the present time our information is that there is not sufficient gas in Alberta and that has been turned down by these officials in Alberta with the result that it is not possible to go through with that program. At the same time we think the program outlined in this bill is a sound program. I might point this out by explaining that this is chiefly the type of information that would be presented before the Board of Transport Commissioners and accordingly we did not have prepared in final form information of that kind in the same detail,

not knowing that this committee would be interested in it. I can secure it and will be glad to furnish it to the committee. However, I may say that we are not at this time contemplating building anything beyond Winnipeg.

*By Mr. Green:*

Q. Then your recommendation would be that if there is more gas than you require for Canadian prairie use, that such gas go down to the central states?—

A. If there were sufficient gas right at this moment for a service through Winnipeg to a further point, and if that volume ranged around 100-150 million per day of deliverable gas available in that volume at that point, we would study the situation and would recommend that the gas be carried on through to other markets.

Q. Through a distributing company?— A. Through the transmission company.

Q. Going to the central states?— A. Yes. If there were available beyond Winnipeg at this particular moment 450 million cubic feet above this 75 million cubic feet, there would be sufficient more for it to be economical to carry it on to other markets and I would recommend that the company transport that further, if it could be established to be economic at that point. It would require, as I say, 450 million cubic feet. I think that would probably be economically safe.

Q. Then Ontario and Quebec would have to rely on a deal with United States gas companies?—A. In the event of a limited service, on the basis of present day economics, that would be what I would recommend.

THE CHAIRMAN: Are there any further questions for Mr. Herring?

MR. NICKLE: I would like to hear Mr. Herring discuss this a little further, the issue involved.

HON. MEMBERS: Hear, hear.

THE CHAIRMAN: There is no doubt about that.

MR. NICKLE: I want to say this, however, that this restricted export from Alberta does present a rather serious change which I think has a bearing on the picture so far as Alberta is concerned. The big question is whether or not we have the volume of gas sufficient to supply, to justify export, and to satisfy the needs of the adjacent population. Of course, we also realize this, that an important aspect of the matter is, is Vancouver going to get gas from Alberta; and, also, is there a market. However, we are apparently engaged in a very serious race with Texas in that market, getting the Pacific north-west of the U.S. As, of course, most members of this committee are well aware, the export of gas is a very hot-footed issue, and that while it has many proponents, it also has many opponents. We have a political leader in Alberta who says, no gas export, and that opposition is very bitter in Alberta; but, with it, I heartily disagree. But, this as an economical pipe line down to the Pacific coast depends upon a large U.S. market. That evidence that I have so far would indicate that any pipe line eastward across the prairies is dependant also upon a large market, either in eastern Canada or in the U.S. mid-west. Now, Mr. Herring, your application covers only one thing, and that is a line to Winnipeg?—A. Yes.

Q. And if you can clearly establish the economy of that line, that it is sound economically—which means that you must find an industrial load, an interruptible load which will carry over half of the total gas you expect to put through that line, then you will have made a case.—A. We will be glad to supply that information, to see that that is established.

Q. Another point; of course, any pipe line must be able to establish a sound case for spending thousands of dollars supplied by Canadian investors

and be able to operate at a reasonable cost to the areas it seeks to reach. Could you have this detail broken down for us in relation to the various markets? When could we expect that?—A. This is Tuesday; say, Thursday. I can mail it to you tomorrow afternoon—Friday would be a safe bet.

*By Mr. Hodgson:*

Q. Mr. Herring, will this line that you are proposing conflict with trans-Canada? Is it necessary to have two pipe lines crossing the prairie provinces?—A. My opinion on that would be this. If this pipe line is built to serve these prairie stations and additional gas from Alberta becomes available later on, this pipe line would bring that gas further on without the necessity of extending the operation. It can be established and in operation; and I think it would make it a more attractive proposition both to the market and to the producer of gas—and even to trans-Canada—but I do not think that in as far as the trans-Canada project—from its point of view, I am of the opinion as an engineer that as gas is available in sufficient quantities for an adequate market to be served economically that it would be brought to the market.—Q. You mean that one pipe line is all that is necessary?—A. Yes, if it can be continued en route, and so forth.

Q. You mean that one pipe line is all that is necessary?—A. Yes, if it can be continued en route, and so forth.

Q. And if we built this one would it still be necessary to have the other?—A. It would not affect that development; for instance, you take down in the eastern States, there are a number of pipe lines serving the same areas.

Q. But, for a period of ten years?—A. Over a period of ten years, at the end of ten years, if any gas is brought into the Ontario and Quebec market—manufacturing gas, gas for electrical power production, and so on—it would be more difficult to establish a market 10 years from today than it would be to do it right now. I think that most companies will agree with us on that.

Mr. MURPHY: Mr. Chairman, in view of the information required for consideration in connection with this bill I would move that the committee rise and meet again on Friday. We need this information and it will be available for us then.

The CHAIRMAN: May the preamble carry? Subject to that further information being given? Mr. Herring was going to send it to us for Friday.

Mr. NICKLE: Well, Mr. Chairman, the whole decision on the economics of this project hinges upon the plan, upon this information about industrial markets, and I would not be prepared as one member of the committee to pass any other portion of the bill until we have the picture in detail and have a chance to examine Mr. Herring on the industrial market upon which a line to Winnipeg would depend.

The CHAIRMAN: The motion before you is that the committee adjourn until Friday next, at 11 o'clock.

Mr. MUTCH: Mr. Chairman, I think it would be better if you were to adjourn the committee to the call of the chair. There is some urgency and a need for getting on with it and that would make it more convenient. I suggest that the committee adjourn to the call of the chair.

Carried.

The committee adjourned to meet again at the call of the chair.

## APPENDIX A.

## BOUNDARY TRANSMISSION LTD.

Consumer Load Survey

for

Proposed Transmission Facilities

from

Medicine Hat to Winnipeg

Prepared by

THE FISH ENGINEERING CORPORATION

## BOUNDARY TRANSMISSION, LTD.

## CONSUMER LOAD SURVEY

## Winnipeg

Population .....	300,000
Potential meter saturation.....	67,000

## Present data

	No. of customers	Annual sales MCF
Domestic .....	15,143	225,000
Commercial .....	895	82,000
Industrial .....	586	83,000

## 5th year of service

	No. of customers	Annual sales MCF	Peak day sales MCF
Domestic .....	25,000	3,990,000	42,200
Commercial .....	1,600	512,000	5,700
Industrial firm .....	850	570,000	1,900
Industrial interr. ....	3	10,950,000	.....
Total .....			49,800

## Domestic

10,000 units of DDD—Annual Basis

Dom. 300 c. ft. x 10,000 = 300,000 cu. ft.

18,000 customers x 300,000 cu. ft. x 60% = 3,240,000 MCF

25,000 customers x 30,000 cu. ft. = 750,000 MCF

Total ..... 3,990,000 MCF

105 DDD—Peak day basis

Dom. 30 x 105 DDD = 3,150 cu. ft.

18,000 x 3,150 x 70 = 39,700 MCF

25,000 x 100 cu. ft. = 2,500 MCF

Total 42,200 MCF

## Commercial

40 cu. ft. x 10,000 = 400,000 cu. ft.

1,600 x 400,000 x 80 = 512,000 MCF annual

1,600 x 4,200 x 85 = 5,700 MCF peak day



## CONSUMER LOAD SURVEY

## Portage La Prairie

Population .....	7,200
Potential meter saturation.....	1,600

## Present data

No gas company

## 5th year of service

	No. of customers	Annual sales MCF	Peak day sales MCF
Domestic .....	800	132,000	1,403
Commercial .....	145	46,400	517
Industrial .....	.....	.....	.....
Total .....		178,400	1,920

## Domestic

Annual—600 x 180,000 =	108,000 MCF
800 x 30,000 =	24,000 MCF

Total	132,000 MCF
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Peak day 600 x 3,150 x 70% =	1,323 MCF
800 x 100 =	80 MCF

Total	1,403 MCF
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## Commercial

Annual 145 x 400,000 x 80 =	46,400 MCF
Peak day 145 x 4,200 x 85 =	517 MCF

## CONSUMER LOAD SURVEY

## Brandon

Population .....	17,400
Potential meter saturation .....	3,870

## Present data

No gas company

## 5th year of service

	No. of customers	Annual sales MCF	Peak day sales MCF
Domestic .....	1,740	302,400	3,240
Commercial .....	480	153,600	1,700
Industrial—Firm .....	2	10,800	36
—Interr. ....	1	1,095,000	.....
Total .....			4,976

## Domestic

10,000 x 30 cu. ft. x 60% =	180,000 cu. ft.
Annual—1,390 x 180,000 =	250,200 MCF
1,740 x 30,000 =	52,200 MCF

Total	302,400 MCF
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Peak day—30 x 105 x 1,390 x 70% —	3,066 MCF
1,740 x 100 cu. ft. =	174 MCF

Total	3,240 MCF
-------	-----------

## Commercial

Annual —480 x 400,000 x 80 =	153,600 MCF
Peak day —480 x 4,200 x 85 =	1,700 MCF

STANDING COMMITTEE

CONSUMER LOAD SURVEY

Regina

Population ..... 70,000  
 Potential meter saturation ..... 15,500

Present data  
 No gas company

5th year of service

	No. of customers	Annual sales MCF	Peak day sales MCF
Domestic .....	6,800	1,176,000	12,580
Commercial .....	810	259,200	2,890
Industrial—Firm .....	16	450,000	1,500
—Interr.....	1	4,380,000	....
Total .....			<u>16,970</u>

Domestic

Annual—5,400 x 180,000 = 972,000  
 6,800 x 30,000 = 204,000  
Total..... 1,176,000  
 Peak day—5,400 x 3,150 x 70 = 11,900 MCF  
 6,800 x 100 = 680 MCF  
Total ..... 12,580 MCF

Commercial

Annual —810 x 400,000 x 80 = 259,200 MCF  
 Peak day—810 x 4,200 x 85 = 2,890 MCF

CONSUMER LOAD SURVEY

Moose Jaw

Population ..... 21,000  
 Potential meter saturation..... 4,670

Present data  
 No gas company

5th year of service

	No. of customers	Annual sales MCF	Peak day sales MCF
Domestic .....	2,100	360,000	3,848
Commercial .....	360	115,200	1,285
Industrial—Firm .....	4	60,000	200
—Interr.....	1	1,277,000	.....
Total .....			<u>5,313</u>

Domestic

Annual—180,000 x 1,650 — 297,000 MCF  
 30,000 x 2,100 = 63,000 MCF  
Total..... 360,000 MCF  
 Peak day—1,650 x 3,150 x 70 = 3,638 MCF  
 2,100 x 100 = 210 MCF  
Total ..... 3,848 MCF

Commercial

360 x 400,000 x 80 = 115,200 MCF  
 360 x 4,200 x 85 = 1,285 MCF

## CONSUMER LOAD SURVEY

## Swift Current

Population .....	6,000
Potential meter saturation .....	1,350

## Present data

No gas company

## 5th year of service

	No. of customers	Annual sales MCF	Peak day sales MCF
Domestic .....	675	110,250	1,169
Commercial .....	110	35,200	462
Industrial—Firm .....	3	30,000	100
Interr. ....	1	365,000	.....
<b>Total .....</b>			<b>1,731</b>

## Domestic

$$\text{Annual—}180,000 \times 500 = 90,000 \text{ MCF}$$

$$30,000 \times 675 = 90,250 \text{ MCF}$$

$$\text{Total ..... } 110,250 \text{ MCF}$$

$$\text{Peak day—}500 \times 3,150 \times 70 = 1,102 \text{ MCF}$$

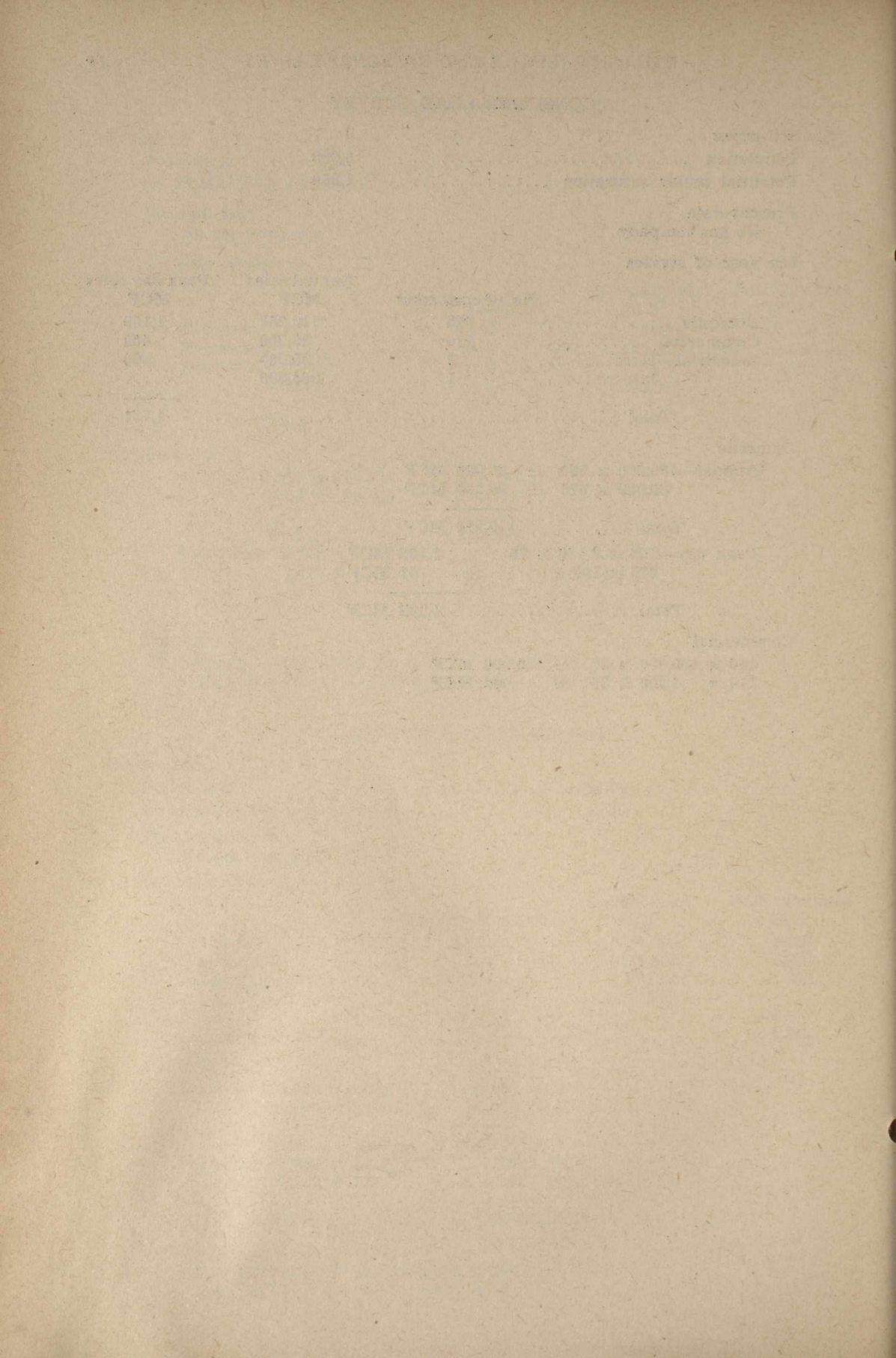
$$675 \times 100 = 67 \text{ MCF}$$

$$\text{Total ..... } 1,169 \text{ MCF}$$

## Commercial

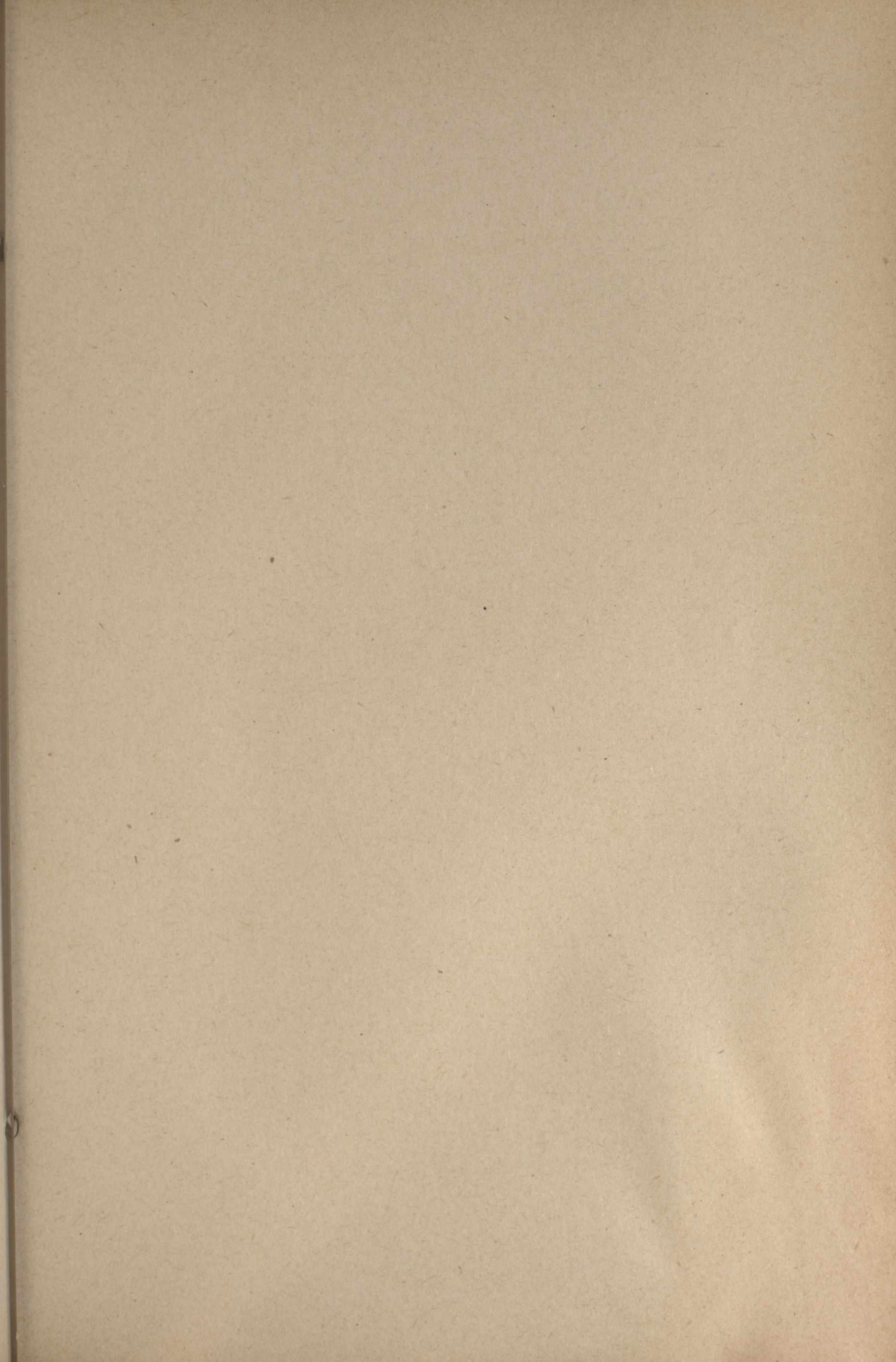
$$110 \times 400,000 \times 80 = 35,200 \text{ MCF}$$

$$110 \times 4,200 \times 85 = 462 \text{ MCF}$$



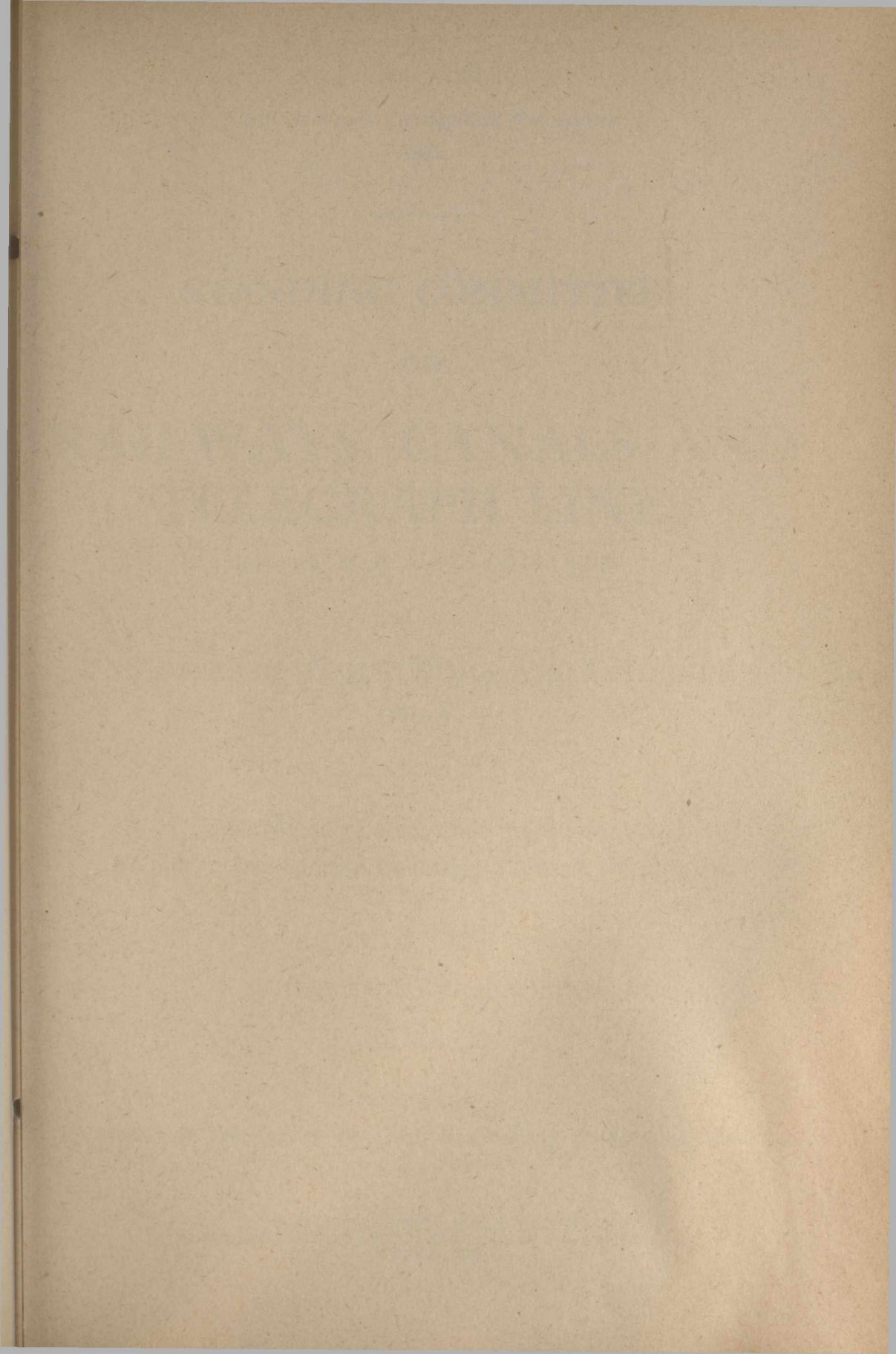














HOUSE OF COMMONS  
Sixth Session—Twenty-first Parliament  
1952

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STANDING COMMITTEE  
ON  
RAILWAYS, CANALS AND  
TELEGRAPH LINES

*Chairman: H. B. McCULLOCH, ESQ.*

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 4

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Bill No. 62 (Letter O of the Senate)  
An Act to Incorporate Boundary Pipeline Corporation

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THURSDAY, APRIL 24, 1952

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WITNESS:

Mr. Robert R. Herring of The Fish Engineering Corporation, Houston,  
Texas.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952



ORDER OF REFERENCE

WEDNESDAY, April 23, 1952.

*Ordered*,—That the name of Mr. Cauchon be substituted for that of Mr. Gauthier (*Portneuf*) on the said Committee.

Attest.

LEON J. RAYMOND,  
*Clerk of the House.*



## MINUTES OF PROCEEDINGS

THURSDAY, April 24, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11 o'clock a.m., the Chairman Mr. H. B. McCulloch, presiding.

*Members present:* Messrs. Applewhaite, Cannon, Carter, Cavers, Conacher, Darroch, Dewar, Follwell, Garland, Gourd, (*Chapleau*), Green, Harkness, Harrison, Healy, Herridge, Hodgson, James, Lafontaine, Macdonald (*Edmonton East*), McCulloch, McGregor, McIvor, Murphy, Nickle, Noseworthy, Pouliot, Robinson, Rooney, Stuart (*Charlotte*), Whitman.

*In attendance:* Mr. Duncan K. MacTavish, Parliamentary Agent; Mr. Robert R. Herring, representing The Fish Engineering Corporation, Houston, Texas.

The Committee resumed consideration of Bill No. 62 (Letter O of the Senate), "An Act to incorporate Boundary Pipeline Corporation."

Examination of Mr. Herring was continued.

Mr. Herring tabled certain information requested at the last meeting of the Committee, together with telegrams from potential customers of the proposed corporation.

Mr. Cannon moved that sufficient evidence has been obtained for the Committee to decide as to the economic practicability of the pipeline under consideration; and that the question be put on the preamble without further examination of the witness. After discussion and the question having been put on the said motion, it was agreed to on the following division:

*Yeas.*—Messrs. Applewhaite, Cannon, Carter, Cavers, Conacher, Darroch, Garland, Gourd (*Chapleau*), Harrison, Healy, Lafontaine, Macdonald (*Edmonton East*), McCulloch, McIvor, Stuart (*Charlotte*), Whitman.—16

*Nays.*—Messrs. Follwell, Green, Herridge, Hodgson, McGregor, Murphy, Nickle, Noseworthy.—8

At 1.03 o'clock p.m. the Committee adjourned until 4 o'clock p.m. this day.

### AFTERNOON SITTING

At 4 o'clock p.m., the Committee resumed, the Chairman, Mr. H. B. McCulloch, presiding.

*Members present:* Messrs. Applewhaite, Cannon, Carter, Cauchon, Cavers, Churchill, Conacher, Darroch, Dewar, Fulton, Garland, Gillis, Green, Harkness, Healy, Herridge, Hodgson, James, Lafontaine, Macdonald (*Edmonton East*), McCulloch, McGregor, McIvor, Murphy, Mutch, Nickle, Riley, Robinson, Whitman.

*In attendance:* Mr. Duncan K. MacTavish, Parliamentary Agent; Mr. Robert R. Herring, representing The Fish Engineering Corporation, Houston, Texas.

Consideration of Bill No. 62 was resumed.

Mr. Applewhaite moved that the preamble carry.

After discussion, and the question having been put on the said motion, it was agreed to.

Mr. Stuart moved that, for the purpose of levying a charge on the capital stock, which will have no nominal or par value, the Committee recommend that each share be deemed to have a value of 80 cents.

And the question having been put on the said motion, it was agreed to.  
Clause 3 was adopted.

Consideration was resumed from April 8, of Mr. McIvor's motion that paragraph (a) of clause 6 be amended by inserting after the word *lines* in line 23 thereof the words: *provided that the main pipeline or lines for the transmission and transportation of gas and oil shall be located entirely within Canada.*

Mr. Nickle moved in amendment that the following words be added thereto: "and that the words *or outside Canada* in line 15, and the words *and/or international* in line 19 thereof, be deleted."

After discussion and the question having been put on the said amendment, it was negatived on the following division:

*Yeas*,—Messrs. Churchill, Fulton, Green, Herridge, Hodgson, McGregor, Nickle.—7

*Nays*,—Messrs. Applewhaite, Cannon, Carter, Cavers, Conacher, Garland, James, Lafontaine, McCulloch, McIvor, Mutch, Riley, Robinson, Stuart (*Charlotte*), Whitman.—15

And the question having been put on Mr. McIvor's motion, it was agreed to.

Clause 6, as amended, clause 9 and the title were adopted.

The Bill, as amended, was adopted, and the Chairman ordered to report it to the House.

At 5.10 o'clock p.m. the Committee adjourned to the call of the Chair.

A. L. BURGESS,  
Clerk of the Committee.



## EVIDENCE

APRIL 24, 1952,

11:00 a.m.

THE CHAIRMAN: We have a quorum now, gentlemen; and I think we wish to have Mr. Herring back on the stand for further questioning.

**Mr. Robert R. Herring, The Fish Engineering Corporation, Houston, Texas, called:**

*By Mr. Nickle:*

Q. Mr. Herring, you obtained the additional information in regard to the industrial market?—A. Yes.

Q. Before asking you to present that to the committee I think it might be advisable, in rather brief form, if we go through an examination of all the economic aspects of this pipe line. We could do that in a very few minutes, to try to give to this committee the overall picture of your pipe line project as developed so far. In doing that I think perhaps I had better observe that your first submission, your engineering estimate, starts with the cost of gas in Alberta; and then, on page 2 of that submission, you go into an economic study, and to get a figure of 8.5 cents per thousand.

Mr. CANNON: Mr. Chairman, I do not want to interrupt; but I understand, Mr. Nickle, that you are going into the economics of this pipe line?

Mr. NICKLE: Right.

Mr. CANNON: I was not at the meeting here the other day but since then I have had an opportunity of looking up the Pipelines Act and I suggest, Mr. Chairman, that it is not within the function of this committee to look into the economics and into the financial aspect and conduct and further development of this company. That is a matter for the Board of Transport Commissioners; and I would like to refer to this just to refresh your memory on these matters: first, to section 11 of the Pipelines Act which says that no company shall construct an oil or gas line without the permission of the Board of Transport Commissioners; section 34 of the same Act says that no company shall operate a line without the approval of the board; and section 51 gives the board power for authorizing an operating company to extend its services if they think it is in the public interest. In the past pipe line companies have been incorporated here and it has not been the custom to go into all this detail in the committee. I submit, Mr. Chairman, that the matters we are going into now are really matters that should be gone into at a later date when the company has obtained its charter and then it will be in a position to go before the Board of Transport Commissioners and explain its situation and satisfy the board that it should be granted permission to construct a line; and, secondly, to operate a line; and I respectfully submit that at this stage we are going too far; and, if we continue as we have begun we will never finish this bill.

Mr. GREEN: Mr. Chairman, I do not know whether Mr. Cannon was on the committee two years ago, but you were, and you remember that we discussed the applications of two firms, the Alberta Natural Gas Company and the Prairie Transmission Lines—which is associated with, or would be associated with this company for which a charter is now sought. We went into the whole story in great detail as a matter of fact for a good many days, and Mr. Cannon is

quite wrong in suggesting that a parliamentary committee has no power to go into these things and that we must leave that for the Board of Transport Commissioners. If that is correct then this Parliamentary Committee is just a formality and there is no use in our wasting time dealing with these bills. The fact that a charter is granted is of great importance, because there is considerable value in these charters; and if A, B and C can come in here and apply for a charter to build a pipe line, say from Ottawa to North Bay—just to use that as an example—without having any proper plans for the line; and if we are not allowed to go into the facts which will enable us to find out whether that is a sound proposition or not, then we would in effect be aiding and abetting a possible fraud on the public. We have the responsibility to see that there is at least some reason, some good grounds, for granting this charter; and I do not think that the examination so far has gone beyond the bounds of reason at all; and, if we are allowed to go ahead as we have been allowed to do with other applications for pipe line charters then the committee will have a chance to do its work, and whatever decision is made will be based on solid ground. I think this cutting off of examination, as suggested by Mr. Cannon, serves absolutely no purpose and it would make this committee nothing more than a farce.

Mr. NICKLE: Mr. Chairman, in reply to Mr. Green—

Mr. CANNON: If you will allow me, Mr. Nickle: while I agree with Mr. Green I consider that the committee has gone exhaustively into this matter already. I did not say that the committee has not the power to go into matters of this kind. It has those powers. But I do submit, Mr. Chairman, that in this case the committee has gone sufficiently into the matter. I understand that you are suggesting, Mr. Nickle, that we begin again looking entirely into the economics of the thing, that we go over again what we already had the other day. What I am going to suggest we do is what we decided to do the other day. The other day Mr. Herring agreed to prepare certain documents, certain information which you asked for. And now, I suggest that he now produce those documents, that information, and that we get on with the work of the committee.

Mr. NICKLE: Mr. Chairman, may I be permitted briefly to explain that? I started off by saying that I wanted to review very briefly the subject of the economic picture of this company. I do that mainly because the evidence that has gone in so far in the former sittings of the committee is in a somewhat garbled form, in a form which I do not think would be understandable by a majority of the members of the committee. It is my intention, if it is the wish of this committee, to go through the matter now in a very few minutes briefly to cover the economic and engineering aspects of the pipe line, and then to wind up with the new evidence which Mr. Herring was to bring before us today. Is it your intention that the committee should not go into the economics on this pipe line?

Mr. CANNON: I did not say that, Mr. Nickle; I said that you had been into the thing very thoroughly already.

Mr. NICKLE: Well, Mr. Chairman, when somebody comes before this committee to seek the incorporation of a company to build a pipe line I think we should not pass such a bill at least until we have had an opportunity thoroughly to examine it. Would you have the committee pass the bill without examining it, Mr. Cannon?

Mr. CANNON: No.

Mr. NICKLE: Well, what we are trying to do here is to justify the soundness of the economics of this particular proposition.

Mr. CAVERS: Mr. Chairman, if I may be permitted a word; I do not think anyone wants to cut out discussion here.

The CHAIRMAN: I do not think anyone wants to cut out discussion here and I think the honourable member will himself agree that at the last session of the Committee that probably a wider latitude was given than is usual in matters of this kind. After our previous meeting it was ruled that Mr. Herring should have an opportunity of bringing in a certain statement, a report which he was to table. He was to produce that statement, I think that it was Mr. Nickle who at that time said he would like to know whether Mr. Herring could give evidence as to whether it was economically feasible to run a pipe line from Winnipeg eastward to the province of Ontario, or what his views were. If that evidence can be given today, and if a cross-examination can then be confined to that statement, to the statement which is to be put in by Mr. Herring, I think we might very well get along in that manner without anyone being prejudiced.

Mr. GREEN: It is the right in any committee, anywhere, for any member to express his opinion, quite apart from his right to cross-examine witnesses; so I suggest that we get on with the business and if the matter comes up later on we can deal with it.

The CHAIRMAN: I would suggest that Mr. Herring give this information which was asked for the other day. He is here to submit that material and I suggest that we should get along with it.

Mr. NICKLE: Mr. Chairman, I have every desire to close this meeting up as soon as possible.

The CHAIRMAN: Thank you.

The WITNESS: The question that came up in the last session of the committee was with regard to the existence of sufficient industrial markets to justify the economics of this pipe line. I believe you will note the record of that session, Mr. Nickle, stated that a feasible market did not exist, and that if we could supply evidence of that market that most of the questions would be answered by that evidence. Rather than to submit a further statement from our company and possibly become involved in further reference to other companies' surveys I have attempted to secure directly from the industries and from unbiased parties statements as to the consumption requirements in the summer time of these various industries so as to remove from this particular question any question of the ability of the companies to make such an estimate, or as to the veracity of a particular estimate in making the statements which I have made before this committee. In submitting this evidence I have secured several wires which I have here. Here is one from the Dominion Securities Corporation in Winnipeg which we used to question some of the industries; one from Mr. R. A. Grose, assistant deputy minister, Department of Industry and Commerce of the Manitoba government and from the Saskatchewan Power Corporation with regard to the load in that province. There is one error here which I would like to point out. In the wire concerning the loads of the two paper mills in and adjacent to Winnipeg, the statement in the wire is that for the Manitoba Paper Company 80,000 tons of lignite is used per day. That, obviously, refers to the annual consumption. These two industries use large amounts per day; as a matter of fact, they use more in the summer time than they do in the winter time; but that quotation is entirely inaccurate.

Now, the summation of these wires is as follows: the power plant at Swift Current—which has a steam generating station—will require 274,000 cubic feet per day. For the plant at Chaplin, the requirement is 1,905,000 cubic feet per day.

*By Mr. Nickle:*

Q. What is that?—A. Chaplin, 1,905,000 cubic feet per day. For the power plant at Moose Jaw, 4,800,000 cubic feet per day, and for the refinery, 1,800,000 cubic feet per day.

Q. 4,800,000 and 1,800,000 cubic feet respectively?—A. Yes. In Regina, the power plant will require 6,300,000 cubic feet per day and the refinery will require 1,800,000 cubic feet per day. The wire did not come in for Brandon, but I have sufficient load here to justify the statement which I have made, whether we have the figures on that or not. In Winnipeg, the steam plant which falls off very sharply in the summer time although it may be pretty high in the winter time, is down to 200,000 cubic feet per day in the summer time; for the Canada Cement plant, 6,200,000 cubic feet per day; for the refinery at Winnipeg, 2,400,000 cubic feet per day; for Swift and Canada Packers combined 7,200,000 cubic feet per day; and, for the Building Products Company, 1 million cubic feet per day; for the Burns plant 500,000 cubic feet per day.

Q. Would you be able to furnish us with a copy of that?—A. I would be glad to leave that material with you. We did not secure the volume required for the hydro company steam power plant in the city of Winnipeg, but we did get this wire from them, "the two men that might give us information we want are away today". Their wood requirement runs an estimated 8 million cubic feet per day. However, rather than place before the committee any load that we do not have evidence for today we have here another company which has a firm requirement for 6,800,000 cubic feet per day in the Manitoba Paper Company, whose plant is located at Pine Falls, some 46 miles from Winnipeg; leaving in the case of Pine Falls the load necessary to carry out the economy of this program, and that, in our opinion, is sufficient to round out the evidence which we have to place before your committee; in other words, that is available if it becomes necessary to maintain the economics of this pipe line; and gas can be moved on to them for less than a one cent increase in the overall cost of gas. The total we come to in that list of companies is approximately 42,400,000 cubic feet per day.

Now then, at the request of Mr. Nickle I have made out by years our forecast of this company; and, in giving you this information I would like to emphasize that this pipe line cannot be financed and will not proceed before the Board of Transport Commissioners until all of these loads are under firm contracts. Until this company receives a charter and is allowed to go forth as a going concern; until such time such contracts are impossible for this company to obtain. At such time as we go before the Board of Transport Commissioners these estimates will have become contractual facts. In view of the estimates we have made and on which we have advised our clients with regard to the economics of this pipe line we show the following. In dividing the load requirements to each of the various market centres along the pipe line route we have divided between domestic, commercial and industrial firm and interruptible. On the first item, domestic consumers, along the route of this pipe line, we estimate that they will require 46,400,000 cubic feet. We forecast for commercial consumers in these market centres, 7,460,000 cubic feet.

*By Mr. Nickle:*

Q. Those are peak loads?—A. Yes, peak days. Industrial firms, 3,740,000; and, as previously stated, there is also available 42,400,000 of interruptible gas from those companies which I have quoted. I can say today that based upon our survey the price of gas will be less than they are now paying for competitive fuel, but that information will be in more concrete form when we are ready to go before the Board of Transport Commissioners. The first two items which I mentioned, the domestic and commercial demand, will enable us to get an operating load peak of approximately 30 per cent. That is the basis for the requirement for interruptible fuel, and that is the basis on which we meet the fluctuating demand. Taking that 30 per cent figure for domestic and commercial consumption, in the first year we arrive, we will

have an average day sale from these two customer classifications a customer demand for 16,200,000 cubic feet per day during the first year of operation. That is firm gas. They will operate at a very high load factor. Then, there will be also industrial firm load of 3,740,000 cubic feet per day; but the interruptible load added to these two items, amounting to 42,110,000 cubic feet per day, gives us a total average day sale during the first year of 62,340,000 cubic feet.

Q. Just a moment now; your interruptible load—you are not going to sell that volume of gas 12 months of the year, are you?—A. No. In order to maintain the load factor which I am forecasting you are bound to have some difficulty in maintaining that load, but it will be lowest during the summer when your domestic and commercial load is at a minimum. That is based on the summer time, low day, demand. On that day we have available through this pipe line 42,400,000 cubic feet of interruptible gas for sale purposes. If we can maintain above that the average day sales in this domestic and commercial customer classification of 16,200,000 cubic feet per day—this represents a definite day which was forecast—we do not think we can quite reach that.

Q. I am not thinking about the peak day demand, I am talking about the whole summer period.—A. I can only give you an example, Mr. Nickle, of what we will experience in the summer time. I do not think we will be able to come up to that amount of 42,400,000 in the first year, it will be in the second year before we earn the full 6.5 per cent. We don't doubt that. There is available to us, based on our survey, an amount of gas above that 42,400,000. What I am trying to do is to show you how it is possible to maintain 85 per cent operating factor on this pipe line with the amount of interruptible gas that we have shown here in this evidence. We are submitting evidence as an engineering firm behind this company. I think that it should be open to question, to explanation. As I see it, the committee desires the evidence which we submitted, they will appreciate that it is based upon the reputation of our company which I think, if you will examine it, is a safe reputation on which to base an opinion, and it has been so recognized by the financial testimony which has been placed before you. Now, this evidence placed before you by our company I think supports the economics of this pipe line.

Now, gentlemen, I would like to give you the second year of operation which greatly improves in operating load factor throughout the 5 year period. The domestic and commercial increases from 46 million to 51 million—the actual figure is 50,900,000 cubic feet per day. The commercial goes up from 7.46 million cubic feet to 8.700 million cubic feet per day, industrial firm. We think our estimate as to the load during the five year period is a conservative one, and one which will be justified by facts in operation, and there will undoubtedly be an increase in the load. We have left our interruptible load at the same figure as what I have already given you in evidence, and in the statement which I will file before the committee. On the same method of figuring we arrive at, in the second year, a total load of 63,330,000 cubic feet per day of average day sale throughout the year. And now, during the summer time, we will drop below that figure. This is our average day here, you see, a load which we can maintain at that level. There may be some days during the summer season when we will be operating below that load factor estimate, but undoubtedly in the winter time there will be days when we will be operating to the full peak capacity of the pipe line; and it is by averaging out the rise and fall of average day demand that they will arrive at this factor of 85 per cent for the pipe line. I would like to emphasize that point. In order to maintain that 85 per cent factor we rise and fall above or below the line, above during the winter time and below during the summer time; that is our average, even though it may not be possible to maintain peak capacity

at all times. Actually, the pipe line can exceed its rated capacity by some 10 per cent, due to the factor of deviation; in other words, it is possible for us to increase the pressure at any time to meet the increased demand, particularly during cold periods. The design of the pipe line is based on a 42,400,000 load per day, at which we think it will average out. On the basis of these figures we submit we can maintain this 85 per cent operating load factor.

Now I would like to put before you very briefly, the details with respect to the fourth and fifth year. Rather than take the time to go into it in detail, I will just summarize it for you very briefly. In the third year we estimate that the average day sale will be 65,770,000 cubic feet per day; in the fourth year, 67,500,000, per day on your average day throughout the year; and in the fifth year, 69,320,000 per day. And now, that is based upon the list which I read to you a moment ago giving this overall volume of gas. As I stated previously, rather than wait for complete estimate figures with respect to the Winnipeg city hydro plant we have given you the estimate of the demand for the Manitoba Paper Company at Pine Falls, which is essentially in like amount, perhaps a little bit greater than what we estimated for on the other. You will notice in this submission that I have worked out some of the conversions here from fuel oil to gas, and reference to that is made in some of the wires, which I will also make available to the committee if they desire them.

Q. Before I start questioning you, I wonder if I could have a copy of the wires which you have there, and your summary?—A. I have but one copy which I have made available to the committee.

Q. Mr. Herring, I think first of all, these wires deal with peak day consumption of fuel; in other words, they do not deal with the year round average?—A. Well, you will notice that most of these peak days refer to summer peaks, and that in the case of the paper mills that peak does occur in the summer time.

Q. Mr. Herring, to go back to some figures that we also have compiled; this is taking the fuel actually consumed during the last years by various large industries—and converting these into natural gas equivalents—we have, for example the meat packing plants in Winnipeg—

Mr. CAVERS: Mr. Chairman, might I just interrupt to ask this question? Have you proof of the statement to which you are now referring? Do you wish to file that with the committee? Can you give us the authority for the material to which you are now referring?

Mr. NICKLE: Yes, I will be glad to. Some of this information I will file and give it to you in detailed form. Some of this information has been compiled by myself from direct questioning of consumers of gas. The bulk of it has been compiled by other pipe line companies who have over the last three years been making their estimates and studies of these particular prairie markets. And some of the information comes from the reports submitted by the Winnipeg Electric Company to the Alberta Conservation Board. I would like to say, for example, that the figures for industrial interruptible loads in the consumer load survey of Boundary Pipe Lines for Winnipeg, are actually greater than the total industrial fuel consumption of all kinds for the whole province of Manitoba in the year 1949—that is, according to the figures submitted by the Winnipeg Electric Company to the Alberta Conservation Board. It is for that reason that I seriously question the accuracy of some of the statements which have been made to the committee.

The WITNESS: May I comment on that?

Mr. NICKLE: Yes, certainly.

The WITNESS: The Winnipeg Electric testimony, as I understand it—I am not familiar with it because I was not present at the time it was given—I understand that it covers the city of Winnipeg itself, and this covers industries in and out of the city of Winnipeg. These industries to which I

have referred you today will, without question, supply the additional volume I have indicated we will need, as has been indicated by the material which I have read to you from these wires. They have indicated the conversion equivalency in gas, and if the committee desire it, I would like to take their figures and work out some of their conversions right here before the committee so that there can be no question as to the authenticity of the information you have before you.

*By Mr. Nickle:*

Q. Mr. Herring, there is no question of the authenticity of the figures which you have submitted. The question is as to whether the figures are the figures upon which the economics of this pipe line depends, not on its peak day consumption but rather upon the basis of year round total consumption. And now, in some of these figures to which you referred—I will be satisfied to take the Moose Jaw refinery and the figure for the Moose Jaw power plant; the Moose Jaw refinery is using now for its fuel, largely its own oil by-products. Have you any evidence to submit dealing with that particular refinery indicating that they will be willing to change from the use of their own refinery by-products to natural gas? This particular plant also supplies the Moose Jaw power plant with low grade fuel oil. Have you any definite evidence that they would be willing to change over?—A. As I previously stated, I cannot tell you today that we can sign contracts with each one of these industries, but I do know that on an interruptible basis our price of gas will be cheaper than the price, on a present price comparison, that these people are paying. I have discussed it with them, and if I can show, in any of these industries, an amortization of the service of these industries for fuel, I think I can secure those markets. The basis for my making such a positive statement is the experience of other pipe lines in the United States. To give you an idea, let me cite one example, the Transcontinental Pipeline Corporation, which is selling to the Sun Refinery, which is just outside of Philadelphia, its full fuel requirements for that plant, although prior to that time, they were using their own product; but they found they could make more money by selling that product to the public than by utilizing it in their own plant, against the competition of natural gas. But, as I have said, until this pipe line company has its charter and has its gas and can go to these customers and say: this is the proposition, I cannot say that we can get contracts from those people, but I do think that we can.

Q. Considering the fact that these different companies have in the past made rather detailed economic surveys of the eastern prairie markets and the fact that all three of them have come up with the same conclusion, namely, that the markets of Saskatchewan and Manitoba were not of themselves adequate to support a natural gas pipe line, and the fact that those companies approached the same industrial consumers that you approached, why is it that all three have come up with an entirely different answer to yourself?—A. Not being familiar with the nature of their survey, I cannot answer that question positively; but the way we go about making a survey is to establish the economics of the pipe line, the load required, and whether or not it can meet the competition of the fuels available today.

Q. You say that you establish the economics of the pipe line. I cannot see that you have gone and actually established the potential markets which might be open to you industrially. You have a wire from a girl in a securities office in Winnipeg saying that one particular company has a summer load of 35,000 gallons of fuel oil per day. Do you know that that particular market is open to the use of this gas, or do you know that the figures which this girl has given you are correct?—A. With respect to both Toronto and Winnipeg—in

Winnipeg we have a statement from the Secretary of the Dominion Securities Corporation which is in line with the estimate we previously made, that is, for 35,000 gallons of fuel oil per day during the summer peak sales season. The steam plant operates at its peak operating load during the summer months.

Q. And could you give me the natural gas equivalent of the total expected fuel consumption?—A. I did not request that particular information and I have not got it available. I have their peak day requirements in the summer time; that is what I asked for, and which I thought would answer your question. That figure is 6,200,000 cubic feet per day.

Q. Now we have a sugar refinery listed, with one half million cubic feet per day. Can you tell me how many months in the year, or during what months that refinery operates?—A. I think it is the Burns plant.

Q. No. I am talking about a sugar refinery.—A. I do not believe we listed a sugar refinery.

Q. Well, you have a refinery listed here for one half a million cubic feet per day at Winnipeg. Is that not a sugar refinery?—A. No. It is the Burns plant.

Q. And not a sugar refinery?—A. The refinery is for 2,400,000.

Q. And which refinery is that?—A. That is the Imperial Oil refinery.

Q. Are you saying that you can maintain that market?—A. I cannot be sure of maintaining any of these markets until the proposition is laid before those companies, but I think we can.

Q. Can you tell us to what extent an oil refinery can take fuel?—A. If we can supply them with gas at a cheaper price, then we can secure that market.

Q. In other words then, the market must be classified as a doubtful one?—A. I would not say so. I think we can obtain that market.

Mr. CANNON: Is it not just a business proposition? If they can secure the gas at a cheaper price than other fuel, is it not logical to assume that they can get the market?

Mr. NICKLE: But that does not always hold, Mr. Cannon. The oil industry itself also generates its own fuel. There is a very good reason for it making use of its own fuel rather than of some other fuel; and, in an oil refinery, the logical fuel to use would be the fuel oil residue which may be left over from the processing of light oils, and also the refinery gases which are generated. I do not think it is fair to say that the total consumption of all types would automatically be converted to natural gas, because what would be done with the fuel which is now being generated at that refinery?

Mr. CANNON: The witness has given us an example of the American refining plant which was using natural gas.

The WITNESS: Yes, the Sun Refinery Company, and I might also mention the Standard Refineries in New Jersey.

*By Mr. Nickle:*

Q. But your figures, I presume, represent the total fuel consumption of all types by that refinery?—A. Let us say, altogether 50 per cent, that it is 50 per cent inaccurate in the three refineries; even at that, on that basis, I do not think that would affect this pipe line rate figure more than by approximately 2 per cent.

Q. No? I think it would effect it by more than that. However, coming now to your meat packing plant, you say that the Burns plant would use one half a million cubic feet; and that Swifts and Canada Packers would use 7.2 million. Are those summer peak loads, or what are they?—A. This is the information which I requested, but I am not sure that they specified that in their wire.

Q. That is, for the five summer months?—A. Yes.

Q. Did you obtain the total fuel consumption of all types of those three packing plants on an annual basis?—A. I did not.



Q. Then I think these figures would show a somewhat different picture as to the total estimate, when you come to calculate your average annual demand.—A. I am not concerned about the load during the winter time.

Q. You are quite satisfied that these plants would be satisfied to use the gas during the summer months and then to go back to other kinds of fuel?

—A. I won't be satisfied until we get the gas running, and can secure the contracts for these markets, which I think we can get.

Q. With respect to the Winnipeg consumer market, what did you say the total volume would be?—A. I believe it is 200,000 in the Winnipeg market.

Q. In the summer?—A. Yes. The information received in the wire was the total fuel bill for the coal which they consume. I understand it would be 5,000 for the three summer months; yet their total annual fuel bill is 300,000.

Q. Yes, that very plant used last year the natural gas equivalent of 1,540,000 cubic feet. Obviously its greatest demand was during the winter period when your domestic demand would also be higher.—A. Yes, it would certainly be very much higher.

Q. But you would not be able to show that on a seasonal basis?—A. Except for the 200,000 odd which they forecast.

Q. And they would use coal in the winter?—A. Yes, or oil, whichever becomes the cheaper.

Q. I shall file this report with the committee; it is a summary of the Winnipeg area only and it covers Winnipeg, Transcona, and Selkirk. It shows the natural gas equivalent of fuel consumed by all large industries in the Winnipeg area for the last year, with consumer needs. I am not concerned with the type of operation. But, for example, there are some of those plants such as the sugar refinery which operates only in the late fall, and it could be that you would not have gas available because you are reaching your peak.—A. It averages 7 million a day.

Q. This was the total natural gas equivalent of all fuels, industrial consumption?

Mr. WHITMAN: Whose report was that?

Mr. NICKLE: It was prepared by myself in association with Stone and Webster Engineering Association.

Mr. WHITMAN: And does it take in the same areas you are referring to?

Mr. NICKLE: Yes.

Mr. WHITMAN: But does it refer to the same area that he referred to?

Mr. NICKLE: Yes.

Mr. WHITMAN: Was that report prepared by one of those companies which you say had applied for a pipe line, and then it was thrown out because it was uneconomical?

Mr. NICKLE: That is correct.

Mr. WHITMAN: Then I object to that report going in, Mr. Chairman, unless it contains some information which is in conflict with the evidence put in by the present witness.

*By Mr. Nickle:*

Q. I have given you the natural gas equivalent of all fuels consumed in the greater Winnipeg area; and the total of those fuels is 8.536 billion feet; and the total for the industrial interruptible load is 10.95 billion cubic feet. In other words, Mr. Herring has given us a figure of 3½ billion cubic feet greater for an interruptible load, that is greater than the annual gas equivalent for all fuel consumption by the industries in the greater Winnipeg area.—A. These figures which we have are based on the actual industries listed or mentioned. There must be some explanation, but I would not try myself to explain it.

Mr. McIVOR: Mr. Chairman, I was just wondering if this company has the wish to show that they are able to get a return for the money, or is it the object of this questioning that we protect this company from investing its money, so as to keep the company safe?

*By Mr. Nickle:*

Q. We have no figures from Mr. Herring relative to the interruptible industrial load at Brandon.—A. As I have explained, the wire which I had been expecting did not come in from Brandon. I sent one of my people there from Regina, and I think there is sufficient load there to support the economics of this pipe line.

Q. You put it at 1 billion, and 95 million.—A. I would like to explain that it is not absolutely necessary on this transmission line to have an exact interruptible load at the point of sale. We have several interruptible loads available, as shown in that report, which would justify the economics without Brandon, without the Brandon market, and moreover I think I justified the question raised at the last meeting, in my opinion, by these figures or the evidence which was presented.

Q. Well, I seriously question that. That is not by any means a statement of adequate proof; that the industrial interruptible load is anywhere equivalent to that which is detailed in your consumer load survey, or that it actually exists.—A. As previously stated, we cannot prove the basis of our estimate until such time as we have completed the installation and have confirmed it by the contracts. We submit them only as evidence, and we would not be put in a position before this committee that we can definitely acquire every one of those markets, although I personally think we can. But I would not be put in a position of stating that we can.

Q. Well then, Mr. Herring, you would hardly be in a position to go ahead and build a pipe line which would be recognized as economical and sound engineering-wise as well unless you had made at least a reasonably detailed survey, from an engineering as well as an economic point of view. Now you say you have not done that.

Mr. WHITMAN: I think that is an unfair assumption to take from this witness.

Mr. CANNON: I think we should have it on the record that I object to Mr. Nickle putting in the witness' mouth statements that he did not make.

Mr. NICKLE: All right then, I withdraw that statement, Mr. Chairman.

Mr. HODGSON: I think we should come here with open minds to discuss this situation.

Mr. NICKLE: Mr. Herring's responsibility is to establish the figures which he has put to us concerning the consumer load survey given to us earlier this week, and I question whether his statement in this summary does that.

Mr. CANNON: Is it fair to say, Mr. Nickle, that you are presenting another set of figures coming from competitive companies who wish to prevent this company from getting a charter so that it won't compete with them?

Mr. NICKLE: Please let me explain.

Mr. CANNON: Then I move that the committee decide that there is enough evidence now on the economics of this matter and that we go ahead and adopt the preamble.

Mr. NICKLE: Before we do that, Mr. Chairman, I would like to ask a few questions relative to the costs which have been given by Mr. Herring in his evidence to this committee, which should now be substantiated and revised with respect to the figures given about the consumer load.

Mr. CANNON: Just a minute, Mr. Chairman. I have made a motion. And for the record I have no objection to Mr. Nickle cross-examining Mr. Herring on these figures which he gave us; but I thought Mr. Nickle had finished his cross-examination. However, if he has not finished, I shall withdraw my motion for the time being.

*By Mr. Nickle:*

Q. Now, Mr. Herring, that we have got some figures, be they right or wrong, which purport to show the interruptible load on this pipe line, I mean the interruptible industrial load, we now come to the question of determining whether or not gas can be shipped over that pipe line and sold to all the consumers of that type, in competition with other fuels. Mr. Herring gave some evidence at the first hearing in which he gave a figure of 25 cents a thousand cubic feet in Saskatchewan, and 30 cents a thousand in Manitoba.—A. That is correct. The report which we have made forecasts an 85 per cent operating load, which would authenticate the requirement of an over-all sale price of 27.93 cents. The two figures quoted, on which the basis was made, rest upon an analysis made in those two provinces.

Q. Yes. We have 25 cents for Saskatchewan and 30 cents for Manitoba. Would you mind giving me again the price per MCF at which you expect to sell to your interruptible load industrial customers?—A. I believe I previously stated that the normal operating procedure has not been worked out. Of course, the normal operating procedure for a pipe line is to sell at the wholesale price at the city gates of these cities, having regard to the basis of the demand for the commodity.

Q. Have you that figure?—A. I believe I explained the commodity total on demand; and in doing that the responsibility for maintaining the load figure rests upon the utility buying the gas. We have established in that report the availability of sufficient reserves to maintain a high degree of load. The procedure being followed in New York City is to share the excess industrial load at one point of the city with the point of the city which requires it, with a slight premium being paid to the particular utility concerned, which has the responsibility for that price, which you have requested, and it lies in the hands of the utility itself. The price established is made as high as possible to compete with other fuels in order to maintain the lowest price to the utility which distributes it to the domestic and industrial consumer. The estimate which I made previously was 22 to 23 cents for Saskatchewan, and that would be necessary to compete with competitive fuels at that point. As for Winnipeg 28 cents would be necessary at that point. But I have advised that during the initial years of this pipe line when economics of it depend so greatly upon industrial users, their survey of costs would point to the fact that the gas supplied to those industries need not be interruptible in its entirety. I think that the contract for fuel should be a firm one for approximately a three year period when it would become completely interruptible at the end of that period and in doing that the company that we are competing with will, or rather the company we are selling to, will get their entire supply.

Throughout the first three years it will be on this firm basis, and they can pay a higher price than the one I have quoted. At the end of that period, they will be entirely interruptible and can maintain supplies by fuel oil, paying a less price than the utilities will have, to supply that gas back into the system. But we cannot work out the details of it until we get a case of an exact contract with these utilities.

Q. Your 27.93 figure as your average selling price, on an 85 per cent load figure, and your 25-30 cent figure for Saskatchewan and Manitoba represent only the selling prices with which the pipe line would be directly concerned.

Those who take on the gas would be concerned with selling it at a profit, if they can?—A. Yes sir. Some companies have worked out a joint arrangement between the utility companies to spread out the semi-interruptible load during the initial years. We would have a surplus at Chaplin and at Moose Jaw which might be possible to replace some gas, so as to make it possible for some of the utilities to ship. But the pipe line will be selling at a wholesale rate to them, and they will maintain that load factor for the pipe line.

Q. Now, Mr. Herring, your whole case hinges on its very large industrial interruptible load, isn't that correct?—A. I said that the last time.

Q. Right, the figures you have given us in the statement you have made of interruptible industrial load are, as I said before, far larger than any other figures submitted by anyone else.

Mr. CONACHER: Are we dealing with some of the outlying industries around the city of Winnipeg?

The WITNESS: That difference is based on additional load which we are informed will be available to us from other industries, and which we believe will be necessary to maintain our peak load. I think the market survey to which Mr. Nickle refers did not include those plants. Is that right Mr. Nickle?

Mr. NICKLE: I can give you the figures on which this is based. You see, these figures were drawn up in the course of economic and engineering surveys long before Boundary pipe lines was ever thought of.

Mr. CANNON: How long ago were they prepared?

Mr. NICKLE: In answer to that point they were not drawn up to combat the Boundary Pipe Line people, they were drawn up for submission to the Alberta Conservation Board to support the case for a larger scale export beyond the prairie provinces in one case into eastern Canada and in the other case to the mid-west United States.

Mr. CANNON: How long ago were those figures prepared—that might be the answer.

Mr. NICKLE: This figure was submitted in 1951.

Mr. CANNON: Which figure?

Mr. NICKLE: This is a presentation prepared by Stone and Webster Engineering Corporation on behalf of Western Pipelines for submission to the Alberta Petroleum and Natural Gas Board.

Mr. WHITMAN: Mr. Chairman, I do not see that we are interested in any way in those figures, they are not figures which have to do with this bill. I do not think they should be allowed to be presented at this time. We have had information presented by the witness and I think we should confine ourselves entirely to figures in which we are interested.

Mr. NICKLE: These are the figures supporting my contention—they are prepared by responsible men—there are very reasonable grounds for doubting that the figures given by Boundary Transmission are correct; and, for that reason, I feel that the alternative picture should go on the record.

The WITNESS: I would like to make one additional comment on that, Mr. Nickle; I am not quoting the corporation or my own people in any of this; these wires have been received from these industries and they form the basis of the evidence we have given you.

Mr. CANNON: Mr. Chairman, we have on the one hand the evidence that was given by Mr. Herring at the request of the committee, supported by telegrams, and we have the evidence on Mr. Herring's statement that the information in the telegrams was obtained from responsible persons; on the other hand, we have no evidence except the statement of a member of the

committee here—he is certainly entitled to express views, or to express his opinion as a member of the committee—the only evidence we have is the evidence submitted by Mr. Herring. I move at this stage that the committee has obtained sufficient evidence to decide on the economic practicability of the pipe line under consideration and that the question be now put on the preamble, without further examination of witnesses.

Mr. WHITMAN: Mr. Chairman, I would second that motion.

The CHAIRMAN: You have heard the motion put by Mr. Cannon and seconded by Mr. Whitman: all those in favour?

Mr. GREEN: Mr. Chairman, before the motion is put, I am somewhat at a loss to understand why—

Mr. CANNON: Are there any other witnesses?

Mr. GREEN: —I am somewhat at a loss to understand why Mr. Cannon should make a motion of that type which in effect stops any further cross-examination. Surely, we are here as reasonable men trying to get this story before the committee. It may be that it is taking longer than some of the members think it should but we will have another hour of sitting this morning. It is most unusual in my experience for a member on a particular bill to get up and move that the discussion be shut off. Now, this is not a party matter. It does not involve any question of policy. Surely, the committee members are in favour of getting full information. It seems very strange that we should have someone rushing in to protect that particular charter.

Mr. CANNON: I am not protecting it.

Mr. GREEN: In effect that is what it is, by preventing any further cross-examination. I urge upon the members of this committee to consider very carefully before they support a motion of this kind which if passed will have the effect of cutting off any further discussion, any further cross-examination of this witness.

Mr. WHITMAN: May I answer that?

Mr. GREEN: Certainly.

Mr. WHITMAN: At the last session of this committee, Mr. Chairman, we had a lot of irrelevant discussion carried on, and after we had finished, certain information was asked to be produced by the witness at the call of the chair; that evidence has been brought here today. Now we have Mr. Nickle coming forward with some information. The witness has gone to some trouble to get this evidence for us. Now, if we are going to carry on in this way, we can stay here all of the rest of this day and the rest of next week and get nowhere, merely to satisfy someone who apparently is not in favour of the passage of this bill. For that reason I think, with the evidence we have, that this is the proper time to pass on to the bill.

Mr. CANNON: Mr. Chairman, may I say a word on that, also? The other day Mr. Herring was heard at great length. Some of the members at that time—Mr. Mutch if I remember correctly—considered that a lot of the evidence was irrelevant, that we were getting too far afield; nevertheless, we did hear the evidence given here the other day, and I was there, and I remember Mr. Nickle saying that if Mr. Herring produced the figures, the documents he asked for, as to the feasibility of the market, he would be satisfied. Well, Mr. Chairman, Mr. Herring has produced those figures here this morning and Mr. Nickle has continued his cross-examination on them. The only reason I make the motion I have made is that I understand there is no other witness to be heard. Have you any other witness to be heard? I know of no other witnesses. I submit this witness has been sufficiently cross-examined and that any further cross-examination would be just a repetition of facts which have already been

brought before the committee and a waste of the time of the committee. I object very strongly to Mr. Green's declaration that I am trying to cut off discussion or that I am trying to protect anyone. I am not trying to protect anyone, and I have no interest in the thing either; but, just as a member of the committee, in view of the fact that the evidence presented to us has been very complete, I think that we have now reached the time when it is proper for the chairman to put the question on the preamble of the bill, and that is the reason I made the motion that has been made.

Mr. GREEN: It is always the right of Mr. Nickle or any of the members of the committee to cross-examine a witness.

The CHAIRMAN: But Mr. Nickle in his opening statement said that he was only going to be a short time in putting his questions.

Mr. NICKLE: Mr. Chairman, may I reply to that? I sincerely stated at the last meeting that I wanted to get from Mr. Herring a detailed statement as to the industrial interruptible load market. I specified that I wanted to know the annual consumption of each industrial consumer in that market, and I wanted to know the summer time and the winter time peak; in other words, a fairly complete review of the year 'round current market on a month to month basis. That is important in this case because only through certain periods of the year will this pipe line have gas that it can supply on an interruptible basis. And now, these telegrams do not give that information. We have a few statements stating that the peak summer load is so much; we have no information whatsoever as to the annual consumption.

Mr. STUART: Mr. Chairman, might I ask Mr. Nickle a question? I realize that I know very little about pipe lines in western Canada but I would like to have this information: should this charter be granted and this pipe line be built? If, after it was completed, it was found that they did not have sufficient demand to warrant the building of the pipe line—in other words, it would not pay—would it in any way do any harm to the province of Alberta, the province of Saskatchewan and the province of Manitoba? Who would be the loser in this instance? I would like to have an answer to that.

Mr. NICKLE: I would be glad to answer that.

Mr. CANNON: It would be the people who put up the money.

Mr. NICKLE: My basic concern is: first of all, to get the maximum possible economic market for Alberta natural gas; and, secondly, to get natural gas to the greatest number of Canadians as quickly as possible. Now, Mr. Chairman, may I point this out; we already have two companies incorporated covering the two major export routes eastward from Alberta: one of those is Western Pipelines, which wants to go to Winnipeg then southward; and the other one is Trans-Canada, who have as their object the transmission of gas into Ontario and Quebec. Both of these projects are large scale pipe lines with very large carrying capacity for natural gas. On the one hand they would supply a large market for Alberta gas, and on the other hand they would supply a large volume of gas to outside consumers.

Mr. STUART: May I ask one more question?

Mr. NICKLE: You might let me finish, please.

Mr. STUART: I just want to ask this question just at this point. Do you think that you will be able to provide cheaper fuel for these people if you have one pipe line, a monopoly? Do you think that would be better?

Mr. NICKLE: In other words, you are implying that I am protecting the big fellows?

Mr. STUART: That is the impression I got here.

Mr. NICKLE: I have no object in protecting any monopoly. I call to your attention that our major transmission systems, carrying oil and gas, are in

essence monopolies. However, they are controlled by the provincial authorities, in the first instance, and by the Board of Transport Commissioners as well.

Mr. STUART: Mr. Chairman, on a point of privilege, I asked a question, I want to get your opinion on the transmission of gas from Alberta. You are from Alberta and you know a great deal about this subject, you have studied it; now, I would really like an answer to my question.

Mr. NICKLE: Just allow me to finish. A small pipe line running from Alberta to Winnipeg is, in my opinion not economic—

Mr. STUART: No, that is not my question; my question was, would it hurt the prairie provinces.

Mr. NICKLE: It would not pay out.

Mr. STUART: Pay, who?

Mr. NICKLE: —Unless the line were extended further east; in other words, allowing the pipe lines to go further into other large markets. This line proposes to sell gas to consumers in Saskatchewan and Manitoba who may be better served by gas delivered through the major transmission lines.

Mr. MURPHY: In the submission made by Mr. Nickle it would appear, from the standpoint of Ontario and Quebec, that a small line, such as the one now proposed running to Winnipeg, would not be adequate to serve natural gas, to carry natural gas down to the eastern provinces.

Mr. STUART: Then I can take your statement, Mr. Nickle, as meaning that this pipe line now being proposed in this bill, if it does not prove to be a paying proposition, would not in any way harm the provinces of Saskatchewan, Manitoba or Alberta; it would only do harm to the provinces of Ontario and Quebec.

Mr. NICKLE: Also to Saskatchewan and Manitoba.

Mr. STUART: In what way?

Mr. NICKLE: Well, these large major pipe lines with a capacity of 350 million cubic feet of gas or more can deliver gas to any point on the prairies at lower cost than a 16 inch diameter pipe line could deliver to the same point.

Mr. STUART: What you mean then is that these large pipe line companies should have complete control of the gas moving east from Alberta.

Mr. NICKLE: With the amount of natural gas available one company would be able to handle it, and from the standpoint of the market in the prairie provinces, that can only support one pipe line. At the start, only one company should build that pipe line, and only after a market beyond the prairie provinces is big enough to support it should a second pipe line be built. After that first pipe line is developed serving the prairie market then we will have to look for bigger markets for Alberta gas somewhere else; then, if there is sufficient gas for it, a line could be built to eastern Canada, after the market in the prairie provinces has been taken care of.

Mr. APPLEWHITE: Mr. Chairman, might I put one question? If this proposed company is economically sound then I think we should have figures produced in the form of surveys that would provide us with the facts, and if that were done it would meet a lot of the objections raised by Mr. Nickle and others. At the same time it is apparent that if this company goes ahead and builds its line that might delay the construction of a larger carrier; therefore, is it only fair to say that this company should establish its economic soundness; and, if it does that, I for one would support it.

Mr. NICKLE: This company has not established its economic soundness, in my opinion. But so far as I am concerned, it does not matter whether it is a Boundary or any other pipe line company. I have no interest in any of them. What I am concerned with is the scale of the pipe line operation. In my opinion one of these large diameter pipe lines could better supply the major

markets for Alberta gas and oil. There is a far greater percentage of people in Canada who would be supplied directly by a large pipe line, or be supplied through the exchange with the United States of a guaranteed quantity of natural gas. For that reason I would be opposed to any pipe line on a limited scale which would delay the construction of a large scale line.

Mr. STUART: Again, Mr. Chairman, I have another question I would like to ask, this time of the witness; which do you figure is best, a large pipe line or a small pipe line?

The WITNESS: I think the evidence the committee should have is that which has been placed before the Alberta board. One point of that evidence was the estimates of the larger pipe lines which have been referred to and which were in excess of the average M.C.F. price. That had all the pertinent evidence with regard to the economic construction of the pipe line, and the price indicated was higher than that represented by the figures which we have submitted to this committee. Furthermore, we have waited for some four years for Alberta to begin the export of natural gas from southern Alberta; and, as has been referred to in evidence here, the decision of the Alberta board means that we will not have any gas for export from that field for some time to come. They still see fit to retain that gas inside the province. In our opinion—this is an opinion of mine, Mr. Nickle—we would severely penalize Saskatchewan and Alberta by asking them to wait for the development of the amount of gas that it will take to go further into Winnipeg. Furthermore, when this volume would be in excess of the proven reserves in Alberta they will allow the gas to go to Winnipeg. Then, if gas is discovered in Alberta sufficient to serve other markets this pipe line will take it; and, in my opinion, this pipe line will be able to do that at a price competitive to other fuels, and to better advantage than the other pipe lines to which reference has been made. That is my considered opinion.

Mr. POULIOT: Mr. Chairman, I would like to have Mr. Nickle's view on this point. He has said that he is in favour of larger markets for the oil and gas of Alberta. Is that right?

Mr. NICKLE: Yes.

Mr. POULIOT: What I cannot understand is why he objects to another pipe line, because the more pipe lines the easier to serve wider markets. How can anyone expect that the deliveries will be as large with two pipe lines as they would be with three or four. Then, gentlemen, the province of Alberta will not suffer at all through the construction of another line. The more lines we have the greater the opportunity for them, and the greater the opportunity we have to get oil and gas; and there should be no thought of monopoly about it. I cannot accept that argument. I share Mr. Nickle's view that there should be a wide market for all the gas of Alberta, Saskatchewan and Manitoba; and if we discover some in Quebec, all the better, and we can serve all of Canada. I cannot see the logic of opposing the building of another line which would serve the people of Canada.

Mr. NOSEWORTHY: Mr. Chairman, there is something I wanted to find out during the years that I have been on this committee and it is this. Every witness of these private companies who has been examined before this committee in previous years has admitted that by the very economics of the situation there will eventually be built one pipe line west and one pipe line east, that it is not economically feasible to run parallel pipe lines east and west, and that eventually, regardless of how many charters are granted, there will be one company granted the right to transport gas east and one to transport west. Now, what I wanted to know is, what is the advantage of these competing companies, what is the advantage in having three or four companies chartered



to transport in the same direction, in view of the fact that eventually one company, and one company only, will do the job. Could the witness give me any information on that?

Mr. CAVERS: May I point out to you, Mr. Chairman, that Mr. Cannon's motion should be put, and if it carries it would preclude the witness from answering that question.

Mr. NOSEWORTHY: What I asked was whether that question would be in order.

Mr. CAVERS: There was a motion moved by Mr. Cannon and seconded by Mr. Whitman.

Mr. MURPHY: Mr. Chairman, I would like to say a word before you put that motion. In the first place, I dislike very much this railroading which is apparent—

The CHAIRMAN: I do not think that is a fair comment because we have had a lot of discussion on this subject before.

Mr. MURPHY: I know there has been a lot of examination. There is going to be more; at least, I hope there is going to be more; because I come from Ontario and I am very much interested in getting Alberta gas; and I think the members from Quebec are very much interested in getting Alberta gas. I think it would be very unfair to us in Ontario or Quebec to have any stifling of evidence, because we are not in a hurry; this is not a matter of minor detail, it is a matter of the development of natural resources of Alberta, and I hope of Saskatchewan and Manitoba, and other provinces also; and it opens up a very large field. I am quite sure that the members of the committee would be reasonable enough to have some patience because this examination is too important to cut off in such a peremptory manner; and that evidence produced this morning may not be to the liking of some members of the committee—mind you, I am of the opinion that when the picture has developed later it will have a great bearing on what we are going to do—what we are doing today will have a great bearing on what is going to happen later on—and I for one want more information; and I think that what Mr. Nickle was endeavouring to establish was that there is contradictory evidence which I think, in the interests of every member of the committee, should be put on the record. If Mr. Nickle has evidence which does not substantiate that given by the witness—we, as a jury, have to consider that evidence—Mr. Nickle now has reports from other reputable engineering firms contradictory to what has been given by the witness; and, with all due respect, I think he is a marvelous witness—

The WITNESS: Thank you.

Mr. MURPHY: —but there are these figures Mr. Nickle desires to submit which have been prepared by responsible engineering firms and I think that he should be entitled to put them on the record in answer to the evidence given by this witness, even if he has to go on the stand and put it in himself.

The CHAIRMAN: Don't you think that we have enough evidence now?

Mr. MURPHY: With respect, Mr. Chairman, I think that what Mr. Nickle has been trying to do is to get this evidence based on the reports from these other engineering firms before the committee, and I think we as members of the committee are entitled to have it. We have had one side of the picture presented to us and that picture has been questioned; and I, for one hope that this committee will receive this other evidence. As a matter of fact, I have some questions to ask the witness with respect to gas for Ontario, and I hope I will be permitted to ask them.

Mr. STUART: Has this bill anything to do with gas for Ontario?

The WITNESS: No.

Mr. CANNON: I can't see it.

Mr. MURPHY: Yes. I disagree with you. That may be a matter of opinion; but we do want to get more gas in Ontario and Quebec, and I would like to have some assurance as to whether we are going to be able to get that gas. All we get now is an off peak load at times. We have made a start in western Ontario, but, as most of the members of this committee know, there is no dependable supply of gas, we cannot be sure of what we are going to get—we know we are going to get a little increase. For that reason I am deeply interested as far as western Ontario is concerned to know what the possibilities are of our getting Alberta gas. I do hope, Mr. Chairman, that we are not going to rush this thing through and preclude hearing of evidence on a matter which to me seems to be very important.

Mr. STUART: Mr. Chairman, I have a word to say at this point. I have sat on this committee since the first pipe line bill was brought in some two or three years ago. When the first pipe line bill was brought before this committee there was some suggestion that the gas line might go to the United States. Practically throughout the whole of the sittings of this committee no one wanted natural gas or oil to go to anyone in the United States. That is the statement which we heard over and over again and that will be borne out by the evidence which is on the record—that they would stop any attempt to export gas or oil to the States. Now, there is an application before this committee on behalf of a company which does not intend to transmit any gas into the United States at all. There are members on this committee who want to hold this bill up, denying to the people of Manitoba and Saskatchewan the use of gas until such time as there was a company in a position to build a pipe line which would also take care of Ontario. If that is looking out for the people of Canada, that is not my idea. As I say, on every occasion when any suggestion was made that any of these pipe lines would carry gas or oil to the States there was the strongest possible opposition.

Mr. GREEN: On a question of privilege, Mr. Chairman.

Mr. STUART: Just a moment, I have not completed what I had to say, Mr. Green.

Mr. GREEN: I am raising a question of privilege, a member has the right to raise a question of privilege at any time.

The CHAIRMAN: Mr. Green desires to speak on a question of privilege.

Mr. GREEN: Mr. Stuart has been talking about one point in particular, that we have strongly opposed the export of gas or oil to the United States. Now, Mr. Chairman, that is completely erroneous.

Mr. STUART: I beg to differ, that is not erroneous; I will leave it to the members of the committee.

Mr. GREEN: The position taken was that we wanted that gas and oil for the west coast.

Mr. STUART: Well, it didn't work out quite that way.

Mr. GREEN: The position taken was that gas and oil should be used first in Canada and then the surplus might go to the United States. Nobody at all on the committee at any time has taken the position that none of it should go to the United States. The way it is worked out now is that we are getting oil to British Columbia, to Vancouver, and we are getting a gas line from the Peace River to Vancouver, and in both cases it is expected that there will be, in the first place oil, and in the second place gas, to go down to the United States to Seattle, and possibly to Portland. It has worked out exactly as we said, and as we thought it should; but when you say that we have advocated that there should not be any authorized for export, you are completely wrong; and I think any other member of the committee will endorse my statement.

Mr. STUART: The record will speak for itself. We have the evidence taken before these committees and from that I gathered that you were very very bitter in your opposition to any Canadian oil or gas going to the United States.

Mr. NOSEWORTHY: Until after Canada has been served.

Mr. STUART: Well, that is the position as I recall it. We have heard the evidence of the witness here as to what this company proposes to do. It would appear that they can supply low cost gas to the area involved. Now, my point is this: why should the people in that part of Canada have to wait until such time as a larger company is prepared to serve a larger area? I see no reason why the people of the western provinces should have to wait until such time as some big corporation with lots of money behind it can bring them gas by building a line down through to Ontario and Quebec. Give these people the break they are asking for and we will get the pipe line to Ontario and Quebec later on.

Mr. HERRIDGE: Mr. Chairman, I want to say as one, who has been a member of this committee for some years, dealing with pipe lines, that Mr. Green has stated our position quite correctly. We have advocated the Canadian interest to be served first on all occasions and that any surplus thereafter might be exported to the United States. Our opposition to this point is because we believe that the final objective is to transmit gas to the United States. We believe that Canada, Canadian interests, should be served first, but that the American consumer should receive consideration; also, Ontario and Quebec.

Mr. CAVERS: Mr. Chairman, I would say the motion before the chair should be put.

Mr. NICKLE: I should make a short reply to Mr. Stuart's observation. He referred to other pipe lines being built. I think that it is the generally accepted opinion that in order to transport oil and natural gas on a large scale, to a large scale market, beyond the prairie market, the use of a large diameter line is to be preferred. When the market is sufficiently developed there may be, perhaps, room for a second pipe line; but one pipe line now, on a small scale, going across the prairies would defer probably for some time the construction of a line to eastern Canada if and when a supply should become available. Let me emphasize this, there are two ways in which they can get that gas; by a line from Winnipeg swinging south, into Minneapolis and St. Paul, under a firm deal with the United States whereby American gas would go into Ontario and Quebec; and the other alternative is to build a line from Winnipeg to go through Fort William and north of the Great Lakes and then to go down into Toronto, Ottawa and Montreal and other eastern points. In my opinion, if a small diameter line is approved it will delay very considerably the working out of any arrangement for a gas exchange with the United States, and will also delay our objective of getting adequate supplies of gas for Ontario and Quebec.

Mr. CANNON: That is your opinion. I do not think that is an opinion which is generally shared.

Mr. STUART: Might I ask you one more question, Mr. Nickle? Who has the final say about the construction of these pipe lines? First there is the Board of Transport Commissioners which receives the evidence from companies who have a good reputation, such as I feel this company has. They support their application with the evidence. They submit certified evidence to support the economic advantages and the economic soundness of their application and send it to them. The board decides, after taking all this evidence into consideration which type of pipe line is best suited to take care of the situation. It is not up to you or me, it is up to the Board of Transport Commissioners. It is not your job and it is not my job in this committee to say whether or not a charter will be granted.

Mr. NICKLE: Let me answer your question in this way. The Board of Transport Commissioners is concerned with a great many things. They are supposed to take evidence and get all the data available. They have now considered two oil pipe line applications and were supposed to take all the evidence and get all the data they could with respect to the applications; but the fact of the matter is that that board did not take the time to study all the facts that should have been weighed; they did not take into consideration all the economics and engineering possibilities of alternative oil pipe line routes. In other words, they have not done a good job so far as pipe lines are concerned. That is why I feel that this committee must fill its function of determining those facts to its own satisfaction.

Mr. STUART: In other words, you say that the Board of Transport Commissioners are not doing a good job.

Mr. NICKLE: They have not done a good job to date on oil pipe lines.

Mr. GARLAND: May I ask Mr. Nickle if he is opposing this bill because it may delay the carrying out of previous proposals designed to reach the markets of Ontario and Quebec?

Mr. NICKLE: That is correct.

Mr. GARLAND: Are you in fact opposing this bill, or seeking to have it thrown out—at least delaying it with the object that the other people may have an opportunity of getting on with the job of building this master or mammoth line to the east? Is it not a fact that you are opposing this bill because you consider that it will not be economically feasible for more than one line to operate?

Mr. NICKLE: Two major pipe lines have already been incorporated. But it cannot fairly be said that they have done nothing.

The CHAIRMAN: There is a motion before the committee.

Mr. GREEN: I would ask, Mr. Chairman, that the statement that Mr. Nickle was trying to protect these companies be withdrawn. I suggest that such a statement is unparliamentary.

Mr. CANNON: You made the statement that I was trying to protect someone and that was not withdrawn.

Mr. GREEN: I say that it is entirely unparliamentary to say that Mr. Nickle was protecting these companies and I would ask that that statement be withdrawn.

The CHAIRMAN: I am sure that Mr. Cannon did not mean anything derogatory in that remark.

Mr. GREEN: But he said it.

The CHAIRMAN: There is a motion before the committee.

Mr. GREEN: Before you put the motion, Mr. Chairman, I think it is regrettable that a motion of that kind should be put in this committee. It means in effect that Mr. Cannon has decided that he does not want to hear any more about it and he asks that a cross-examination be cut off. Now, there are many other members on this committee, each one of whom, of course, has the right to cross-examine Mr. Herring; for example Mr. Noseworthy had a question he wanted to put to Mr. Herring.

Mr. CANNON: Mr. Chairman, on a question of privilege. I am not trying to get away from what I said. What my motion meant was that I did not think we needed to hear anything more from this witness. That did not mean that we would not hear any more evidence. As a matter of fact, I asked at the time if there were any other witnesses to be called; naturally, we would be glad to hear them, but I do not think there are any other witnesses.

Mr. GREEN: I submit, Mr. Chairman, that it is not proper for Mr. Cannon or any other private member to get up and say: no, I do not want to hear any more from this witness, I don't want to cross-examine him any more and I move that this discussion and this cross-examination be terminated. If we have come to that position in a democratic government we have gone very far, and the result is that when Mr. Noseworthy gets up to ask the witness a very material question which the witness should be able to answer, such a motion as that made by Mr. Cannon denies him such an opportunity.

Mr. CANNON: I beg your pardon, I made that motion before Mr. Noseworthy got up.

Mr. GREEN: I know you did, but it just shows you what a ridiculous situation this committee or any committee of the House can get into if questioning is to be shut off arbitrarily in that way. Now, this whole thing could have been over if this foolish motion had not been brought forward.

Mr. STUART: Is that parliamentary, Mr. Green.

Mr. GREEN: I beg your pardon?

Mr. STUART: Is that parliamentary, to call a man foolish?

Mr. GREEN: I say it is foolish, or unwise.

The CHAIRMAN: Mr. Green, the preamble has to carry before the bill goes through.

Mr. GREEN: I know that. Surely it should be possible to question Mr. Herring further. Mr. Cannon has said that the committee has other business. There is nothing else before this committee that I know of. When we get through with this bill we are through until something else is referred to us by the House. Why should we be in such a rush? We could sit this afternoon if we have to. We could sit tomorrow. This bill would not be delayed one minute, it could not possibly be delayed—

The CHAIRMAN: Is Mr. Nickle satisfied with the answers Mr. Herring has given?

Mr. GREEN: —it could not possibly be brought up in the House until Monday anyway. What I am trying to point out is the danger of a committee stepping in with a closure motion of this type. There is no call for it whatever. I think it is a radical departure from all ordinary procedure that we should have a motion of that type before the committee.

The CHAIRMAN: Is there any further discussion before I put the motion?

Mr. NOSEWORTHY: Mr. Chairman, I have been waiting for your ruling as to whether this motion does preclude the witness from answering my question or not. We have not had it put yet. It is the opinion of other members of the committee that it does; but I think that if Mr. Cannon's motion had not been made—

The CHAIRMAN: You had better ask your question and the witness may try to answer it.

Mr. NOSEWORTHY: I asked my question of the witness. I am still waiting for him to answer it—or, if you rule that it is out of order.

The WITNESS: The question I believe, sir, pertained to a reference made before this committee as to whether there should be one pipe line—two pipe lines or one. I would not speak as positively as that would indicate other witnesses have spoken. It all revolves around the question of the amount of gas available in Peace River. There is a large volume of gas there but so far the government has not seen fit to make more than 3 billion available for export. If there is later on sufficient gas for that gas to be transported to the Pacific north-west market and that market is withheld, then a pipe line to Ontario could be built. If there is a sufficient reserve in southern Alberta to allow

Pincher Creek to release gas for export to the west coast the Gulf Company have decided that they would prefer to sell to that market because the cost of transmission is 1.5 cents per M.C.F., and they would be able to get a better price in the Pacific north-west. That would be an important price factor. If, later on, there was a sufficient supply of gas available from southern Alberta to make it economically feasible a line to carry it to the east would be built. As things stand at the present time in Alberta there is not sufficient gas in southern Alberta; consequently we feel that these two provinces can be served the volume of gas they require—that 75 million cubic feet per day on a 20 year service. Until such time as further supplies of gas are available from Alberta it is our opinion that the construction of a larger pipe line than the one we propose would not be economically feasible. The construction of a pipe line for the transportation of gas from Alberta depends upon gas reserves available. If there is sufficient available for the needs a pipe line can be built that would be economical and it could serve the area at competitive prices. No pipe line can be built without the approval of the Board of Transport Commissioners, and you may be sure that when the time comes an application before them will only be approved if firm contracts supporting the application are submitted.

*By Mr. Noseworthy:*

Q. That answers part of my question. In view of what you say what advantage is there to your company or any other company to hold a charter without being able to get permission from the Board of Transport Commissioners to build a pipe line?—A. None, whatsoever. It is a liability until we can satisfy them that we have a sufficient amount of gas available and a sufficient market to justify the construction of pipe line.

Q. But until you have a charter you cannot go before them?—A. That is right. Unless we can get gas for our pipeline and show them that we have a market demand supported by contracts our application will not succeed.

Q. Another question, Mr. Chairman: provided that it should turn out, as Mr. Nickle has suggested, that a pipeline might be built from Alberta to Saskatchewan and Manitoba alone, if that is not an economically paying proposition, would it still be necessary to extend a route running down into the United States in order to make it a paying proposition?—A. The greater the flow of gas through the pipe line for the least amount of additional cost that would naturally improve the economics. We would not recommend to this company a pipe line which in our opinion was not economical. We have stated the qualifications in there. Once we can secure these markets we can go before the Board of Transport Commissioners. If we do not have anything in the way of firm contracts for the sale of gas under contract we cannot possibly expect to get the approval of the Board of Transport Commissioners. If there is sufficient gas available to go further than Winnipeg at that time I would imagine that precedence would be given to Western Pipelines who previously proposed to build a line there. The success of this venture rests upon the successful moving of gas from Alberta to Winnipeg, and that is all we are asking for. As I have stated previously, if a sufficient supply of gas were available we would recommend going further. As things stand at the present time there are 75 million cubic feet which can be made available, and in our opinion, very readily. We could get service to the prairie provinces on that volume, and that is the basis of our application.

*By Mr. Herridge:*

Q. And you are of the opinion that this pipe line you propose to build will be adequate to take care of that market?—A. I think, as I previously said, that with the compressor horse power we will have available, using this 16

inch diameter pipe with full horse power on it—it is designated to carry 75 to 80 million cubic feet and it can be stepped up to 130 million cubic feet per day capacity—I am quite sure that it would be capable of doing that. Under this estimate at the present time, on the five year forecast, it would reach that point. We could take additional gas; for instance, suppose there were an industry located at Fort William which would have a demand for 25 million cubic feet per day, that would make it economical for us to extend the pipe line to that point. That might mean the installation of some additional pumping stations along the pipe line and the extensive use of looping, and that would enable us to increase the operating capacity of the line, as was previously proposed with respect to transporting gas to Minnesota.

Q. Well then, Mr. Chairman, quite evidently the success of your enterprise depends upon the availability of the amount of interruptible load, industrial market?—A. Yes sir, we acknowledge that.

Q. You have supplied the committee with a few figures to assure us that that market is available, on the other hand Mr. Nickle proposed to provide the committee with reports by other engineering firms presented to the Alberta board showing that your estimate of that market is more than the present market for all fuels combined. Would you not say that we should not have that information? Is it not reasonable to assume that that as evidence is much superior to a few telegrams.

Mr. APPLEWHAITE: Mr. Chairman, before the witness answers that question; surely, the admissibility of evidence in this committee is a matter for you, Mr. Chairman, and for the committee to decide, it is not a matter of opinion with the witness. But, as the question has come up, I would point this out that the evidence which has been adduced by Mr. Herring and others has been open to cross-examination, and there has been considerable cross-examination. What opportunity will this committee have to cross-examine a report which is filed, which it is proposed to have placed in your hands?

Mr. HERRIDGE: Mr. Chairman, I would like to ask the witness a question. I would like to be able to understand the situation. Throughout his evidence it seemed to me that the witness emphasized that the real purpose of building this pipe line—I think that during the whole of the time on the first day his witness was giving his evidence he emphasized the possibility of continuing this pipe line into the States, to cities like Minneapolis and other centers, and the possibilities that that offered for the exchange of gas between Canada and the United States so that Ontario could get it. Now, just a few minutes ago in answer to a question the witness stated definitely that the success of this venture rests upon moving gas to the Winnipeg market. I would like him to explain to me the reason for the change there.

The WITNESS: I see your point. Our recommendation to our people is that we feel that if 75 million cubic feet of gas can be obtained from Alberta that would be adequate. We have recommended an economic pipe line to Winnipeg for that gas. I did not emphasize any other point except that. I have always stated that at such time as additional reserves were available in Alberta that we would recommend to them at that time the most economic application of such reserves to their system, within limitation. If that gas, as it increases in Alberta, becomes available in sufficient volume—and we spoke of the Northern Natural market over in Minnesota, and that is what we recommend when we come to that point because at the present time we cannot see the economics of going into Ontario and Quebec across Canada. However, if there were available in eastern Canada sufficiently large amounts of gas, in Ontario and Quebec, and if reserves of gas were available in Alberta for that market to extend the line further east we would recommend the extension of the line in that regard; but we have taken the position that

the extension of the service beyond Winnipeg would depend on the economics of the situation that existed, involving both market and gas reserves. I do not think that I have deviated from that point anywhere in my evidence. As I have said, if there were additional supplies of gas available sufficient to justify it, and if an adequate market were available to make it economic, we would recommend a hook-up with Northern Natural to serve that market; and, we might recommend going to Fort William.

The CHAIRMAN: Just a moment, Mr. Noseworthy. I have allowed a lot of latitude to the witness to answer questions but I would like to point out that they are all out of order.

Mr. GREEN: Why?

The CHAIRMAN: There is a motion before the committee right now.

Mr. GREEN: Well, when you tell us why in your opinion those questions are out of order?

The CHAIRMAN: Yes, because there is a motion before the committee.

Mr. GREEN: You said that all of these questions are out of order. Why do you say that.

The CHAIRMAN: Are you ready for that question?

Mr. GREEN: Are they improper questions?

The CHAIRMAN: No, I would not say they are improper questions, but I do say that they are out of order until this motion has been disposed of.

Mr. GREEN: And if that motion passes then there will be no more questions.

The CHAIRMAN: It has to be disposed of, either passed or defeated.

Mr. GREEN: Well, there is a question that I would like to get an answer to, and that might help to clear it up.

*By Mr. Green:*

Q. You said that if gas was available in sufficient quantities you would extend your pipe line to eastern Canada?—A. I said that if there was a sufficient market available in Ontario and Quebec and sufficient gas reserves available in Alberta to justify the economics of a pipe line all the way from Alberta, and if we could find a market, we would recommend to our company that they extend their line into that area.

Q. And your pipe line is of what diameter?—A. It is 16 inch. The line would have to be looped at that time in order to make it pay.

Q. What do you mean by looping?—A. You establish pressure stations along your pipe line and there is a discharge pressure at each station and there is an intake pressure at each station. The discharge pressure, for example might be 1,000 pounds and the intake pressure might be 750 pounds at the time the gas goes into this 16 inch pipe line; it goes in at the lower pressure and when it leaves the pressure station it is stepped up again. Then, for looping, you build an auxiliary line parallel with your main line and tie it into the original line and in that way increase the volume of gas which can be moved.

Mr. MURPHY: I would like to go ahead with a couple more questions.

The CHAIRMAN: You will have to wait for a couple of minutes because you are out of order.

Mr. MURPHY: I think this committee is entitled to more evidence than we have before us.

Mr. CANNON: That will be for the committee to decide on the motion.

Mr. MURPHY: I think we are entitled to more evidence. We are sitting here as a committee to study these bills and I am not satisfied yet that the



evidence before the committee is sufficient to permit us to reach a fair conclusion. I think that we are entitled as members of the committee to have as much evidence as we can relative to the matter before going on to the bill.

The CHAIRMAN: There is a motion before the chair, moved by Mr. Cannon, seconded by Mr. Whitman, that the preamble carry.

Mr. MURPHY: Would you read the motion?

The CHAIRMAN: That sufficient evidence has been obtained by the committee to decide as to the economics of the proposed pipe line under consideration, and that the question be put on the preamble without any further examination of witnesses.

Mr. NOSEWORTHY: That would prevent any further questions.

The CHAIRMAN: That would be the import of the motion.

Mr. MURPHY: Mr. Chairman, I would like to speak to that motion. That motion was proposed just at the moment Mr. Nickle was attempting to give to this committee very important evidence that was submitted before the board in Alberta.

The CHAIRMAN: Have you been here at all our meetings?

Mr. MURPHY: No, Mr. Chairman, but I have read the evidence.

The CHAIRMAN: Yes, but you have not been here and heard all the evidence.

Mr. MURPHY: Well, the evidence that we are receiving this morning, and I heard the evidence that was given by telegrams as presented by Mr. Herring; and I for one think that perhaps they do not carry the conviction that we as members of the committee want. We are entitled to hear the evidence, whether it favours this bill or not; and this motion was introduced just at the time when Mr. Nickle produced these reports as evidence which I think is necessary for us to consider before the bill passes.

Mr. HERRIDGE: Mr. Chairman, speaking for the motion, I want to express myself as being opposed to the motion. This morning, as requested by the committee, Mr. Herring presented certain evidence. That evidence was questioned by Mr. Nickle, and he expressed his opinion as to certain parts of that evidence in regard to markets and so on. As I understand it, Mr. Nickle took the opportunity of supporting his opinions with further evidence, new evidence. Now, in my opinion, Mr. Chairman, the members of this committee are not involved in this subject as witnesses, but I have mentioned the opinion that a few of us are not as well informed on this subject as is Mr. Nickle. I think that it is most fortunate that this committee has members so well informed on gas and oil production and the marketing problems involved. Mr. Chairman, I do not think that it is fair to the members of the committee who have based their decision on evidence presented to the committee, for and against, that Mr. Nickle should be prevented from submitting his views; as he will be if this motion of Mr. Cannon's is to pass; and I think it is advisable to have further examination of the witness and I think it would be most unfair for the committee to attempt to come to a decision without having an opportunity of hearing his argument. That being the case, Mr. Chairman, I shall have to vote against this motion.

Mr. HODGSON: Mr. Chairman, I have one question. This charter asks for a line to Winnipeg?

The CHAIRMAN: You cannot address a question to the witness now, not until this motion has been disposed of.

Mr. NICKLE: Mr. Chairman, have I the right to clarify a statement made by Mr. Cannon.

The CHAIRMAN: Yes.

Mr. NICKLE: First of all, I regret that he implied that I was supporting any pipe line. I am not, nor have I ever supported any particular pipe line company. Secondly, he made the statement that other pipe line companies were seeking to export gas and there was nothing being done about it by them. If I might, I would like to put on the record some information concerning them. First of all, Trans-Canada Pipelines, which is controlled by Canadian Delhi Oil—

Mr. CANNON: That is entirely irrelevant.

Mr. NICKLE: No, I submit, it is not.

Mr. WHITMAN: We do not want hearsay.

Mr. NICKLE: This is very important to the whole question we are considering.

Mr. STUART: This will be giving evidence.

Mr. NICKLE: This is from the vice-president of the Canadian Delhi Oil Company.

The CHAIRMAN: Just a moment, you should call him as a witness if you want to put that in as evidence.

Mr. NICKLE: I am merely submitting this letter as evidence confirming the fact that these people have not been sitting idly by as was stated by Mr. Cannon.

Mr. CANNON: That is not what I said.

Mr. NICKLE: It is in reply to a point raised by Mr. Cannon—

Mr. STUART: You should call him to give evidence.

Mr. LARSON: I object, Mr. Chairman. In addition to this evidence before the committee here, and other material, Mr. Nickle is reading from notes there and there is not a tittle of evidence about it at all. If he wants to bring any evidence here he should do so by calling the man who is capable of giving evidence, inviting him here to submit his evidence.

Mr. MURPHY: Well, Mr. Chairman, we had the witness this morning reading from a number of telegrams, there were five, six or seven telegrams.

Mr. CAVERS: They were presented by the witness.

Mr. NICKLE: I hope I may be allowed to read some evidence in reply to a statement made by one of the members of this committee, Mr. Cannon, who stated that the pipe line companies had done nothing.

Mr. CANNON: If I made a mistake I withdraw it. I admit that I did not have any definite evidence as to what the pipe line companies have done but from what was said I gathered that they had not done anything. If they have done something, I withdraw my statement and that will be the end of it.

Hon. MEMBERS: Question.

Mr. NICKLE: This information which I would like to give to the committee will have a great deal of bearing with this committee in reply to this particular question.

The CHAIRMAN: All those in favour of Mr. Cannon's motion will please stand?

Mr. GREEN: May we have a recorded vote Mr. Chairman.

The CHAIRMAN: Yes. Will all those in favour of the motion kindly say yes when the names are called, and those opposed say no.

The CLERK: Mr. Chairman, there are 16 who voted yes and 8 who voted no.

The CHAIRMAN: I declare the motion carried.

We will adjourn until 4 o'clock this afternoon.

## AFTERNOON SESSION

APRIL 24, 1952.

4:00 p.m.

The CHAIRMAN: Order, gentlemen. The next order of business is: shall the preamble carry?

Mr. NICKLE: Mr. Chairman, I would like to raise a point of privilege if I may, and bring to the attention of the committee some completely new evidence which unfortunately did not reach me by air mail until this afternoon. In view of the fact that it is new evidence it has a tremendous bearing on the argument that we had this morning, and I would like to place on the record an extract from this letter and then possibly the full letter, before the committee reach any conclusion on the matter. This is a letter from Mr. A. H. Harris, manager, Gas Utility, Winnipeg Electric Company, the company which handles the distribution of artificial gas in Winnipeg now and will on completion of any pipe line to Winnipeg handle the distribution of gas for domestic, commercial and industrial use.

Mr. CANNON: Is that one of the companies Mr. Herring mentioned in his evidence?

Mr. LARSON: You had better hold that until Mr. Herring arrives.

Mr. NICKLE: Yes, I will do that.

The CHAIRMAN: Here is Mr. Herring now.

Mr. NICKLE: Mr. Chairman, I will start again. This is a letter which I received this afternoon by air mail from Mr. A. H. Harris, manager, Gas Utility, Winnipeg Electric Company, in reply to an inquiry directed to him a few days ago; and the specific nature of our inquiry was to find out his views of the various estimates made of industrial and commercial loads in greater Winnipeg; more specifically on the figure of 10.95 billion cubic feet—roughly 11 billion cubic feet—given in the consumer load survey of the Boundary Company. That figure of 11 billion for industrial interruptible load represents over 65 per cent of the Boundary estimate of the total greater Winnipeg consumption and represents approximately 40 per cent of the total fifth year estimate of demand for the entire Boundary pipe line system. In reply to this inquiry this is what the Winnipeg Electric Company says—and I point out that this is the company which distributes or will distribute the natural gas in Winnipeg for domestic, industrial and commercial purposes.

Mr. LARSON: Will Mr. Harris be called as a witness to give evidence?

Mr. NICKLE: He has submitted a lengthy brief here which I think will be of interest to the committee. The first paragraph reads:

In reply to your inquiry on the fuel situation in Winnipeg including coal consumption, natural gas sales, et cetera, we are unable to find anything approaching a 10 billion cubic foot natural gas interruptible load in this immediate territory."

The final paragraph in his letter says:

Incidentally, we have had no recent inquiries from anyone concerning prospective natural gas consumption in this district, and we doubt if accurate figures could be determined without consultation with us. It would appear that the 10 billion cubic foot interruptible load referred to has been pulled out of the air.

Now, if you desire I shall read this entire letter, because it has a considerable bearing on the matter before us. I will read this letter in full:

In reply to your inquiry on the fuel situation in Winnipeg including coal consumption, natural gas sales, etc., we are unable to find anything approaching—

Mr. ROBINSON: That is in reply to something which a previous witness has said?

Mr. NICKLE: Yes, very definitely.

Mr. ROBINSON: Is it that, or is it new evidence?

Mr. NICKLE: It is new evidence in reply to material Mr. Herring presented before the committee this morning, and it is from a source which, I submit, is entirely reliable.

Mr. LARSON: It is not evidence at all.

Mr. NICKLE: It is very definitely evidence because, let me point out, that this letter is from the Winnipeg Electric Company who would distribute the bulk of the gas routed over the pipe line system across the prairie provinces. That company gives a figure for fifth year consumption over 25 per cent less than the total gas Boundary Pipelines says it would need for their market in the fifth year.

Mr. ROBINSON: It does not deal with anything else other than the Winnipeg Electric Company?

Mr. NICKLE: It is from the Winnipeg Electric Company; and, as I said they are the ones who distribute gas in the greater Winnipeg district and they would be the ones who would distribute the natural gas which will come over these pipe lines.

Mr. LARSON: If you have a witness you had better bring him in; or, if you want to give the evidence yourself—

Mr. WHITMAN: He cannot very well be a member of the committee and be a witness too.

Mr. NICKLE: I will continue with the reading of this letter.

Mr. ROBINSON: You are making yourself a witness by the reading of the letter.

Mr. FULTON: Mr. Chairman, may I point out that it has been a very frequent practice to have submissions put on the record.

Mr. WHITMAN: I do not think he is allowed to present a statement from a person who is not present.

Mr. FULTON: There have been many committees where submissions have been received from interested parties. I do not think there is anything extraordinary in having a member read to the committee a statement from an interested party.

Mr. APPLEWHAITE: May I say this, Mr. Chairman: first of all, as understand it, to regularize our proceedings at this stage of the game, we should have moved that the preamble be adopted which I proposed to do when I sit down. That, of course, does not stop anyone from discussing the motion when it is before us. But I am a little worried about the general reference made by Mr. Nickle to the letter which he proposed to read being referred to as evidence. If I were to produce a witness before this committee that would be something I could do; if I wish to bring a man here he can be put on the stand and tell his story. In other words, you have a letter read giving one side of the story and you have no opportunity of cross-examination. If I were to do that I am sure that the gentleman who practised law would

object at once. And now, in submitting a letter, that is not evidence. If Mr. Nickle just produces these figures and assumes responsibility for them we have to give them the weight which we think them to be worth. As I see it, the evidence given before this committee must be evidence which we can subject to some form of cross-examination. There is no objection on my particular part to Mr. Nickle producing these facts and figures, but he, as a member of the House and of the committee, submits them on his own responsibility. But, if any concern is opposing the passage of this bill, any company now incorporated or to be incorporated, there is abundant provision in our rules whereby they can formally appear before the committee and oppose the bill. We would then have the right of cross-examining the witness produced, and Mr. McTavish would have the right of cross-examining their witnesses just in the same way as we as members of the committee would have the right of examining and cross-examining them too. We cannot have the state of affairs where there is formal opposition lodged by an outside party to the passage of this bill without such party appearing before us as a committee, submitting his evidence and having it subject to careful scrutiny. But first, Mr. Chairman, we should have a motion on the preamble, and that of course would open wide the opportunity for discussion and argument, and then Mr. Nickle could submit whatever material he desired in support of his argument; and, in order to provide a little more legality to do that I would move that the preamble be adopted.

Mr. NICKLE: I trust now that it is in order for me to place this letter on the record.

Mr. MUTCH: Just before you do that, it is understood that the letter is presented, that in presenting the letter Mr. Nickle does so on his personal responsibility.

Mr. NICKLE: I will read this letter from the Winnipeg Electric Company. As I said, once these pipe lines are completed to Winnipeg, this company will be the distributor of the gas, and this company has provided me with this letter dealing with the potential market in the greater Winnipeg area.

Mr. WHITMAN: The Winnipeg Electric Company is not opposing this bill.

Mr. NICKLE: No, it is not opposing it, neither is it supporting it; its interest is merely that of a distributing company. This letter reads as follows:

Mr. Carl O. Nickle, M.P.,  
House of Commons,  
Ottawa, Ontario.  
Dear Mr. NICKLE:

In reply to your inquiry on the fuel situation in Winnipeg including coal consumption, natural gas sales, etc., we are unable to find anything approaching a 10 billion cubic foot natural gas interruptible load in this immediate territory.

I presented a brief before the Alberta Petroleum and Natural Gas Conservation Board in Calgary last December, their Exhibit No. 105, outlining the natural gas prospects for the Greater Winnipeg district. The natural gas consumption figures submitted were developed by our own sales organization in collaboration with Stone & Webster Engineering Corporation, New York. After a pretty general survey of the residential, commercial and industrial loads that would be available to natural gas, we reported that at the end of five years after the introduction of natural gas into this territory, our annual sales would amount to 9 billion, 277 million cubic feet. Included in this total is a figure of 2 billion, 123 million cubic feet which covered eight large industrial installations. Another 2 billion feet would go to commercial and smaller industries.

It is true that these large plants were figured on the basis of firm sales. In our survey we were unable to find any locations of much importance where interruptible gas could be used that would bring this consumption anywhere near 10 billion cubic feet, which figure you will notice is even higher than our total estimated firm sales. In fact, interruptible sales were not included in our calculations, although one or two of the large industrials in the above total may turn out to be on an interruptible basis.

We did not figure any gas sales whatever for electric power production as at the time this survey was made, steam plants for electric production were not under consideration. Since then the Winnipeg City Hydro has started a steam plant installation which, at the end of 1953, if completed on time, will have a capacity of 50,000 kilowatts. This will be principally a peak load plant, and will probably operate only throughout the winter season. At the same time, the domestic and commercial house and building heating demands will be at their highest. Natural gas, for such power production, could hardly be sold on an interruptible basis. In any event, figuring 14,000 Btu per kilowatt hour and a load factor of between 15 and 20 per cent over a 24-hour period would require in the neighbourhood of 3 million cubic feet per day of natural gas. Even assuming a 300-day operation per year, this would only amount to 900 million cubic feet. Such an operation would only occur in periods of extremely low water in the Winnipeg river.

All electricity consumed in this territory is produced by hydro electric plants on the Winnipeg river, two belonging to the Winnipeg City Hydro, one to the province of Manitoba and two to ourselves.

The city hydro operates a steam heating plant for central heating in the downtown business district. In the year 1949, this plant consumed 13,000 tons of coal and 120 million kilowatt hours in electric boilers. Figuring 11,000 Btu per pound of coal and 3,412 Btu per kilowatt hour, this plant would require 286 million cubic feet of natural gas to replace the coal and 408 million cubic feet to replace the electricity, or a total of 694 million cubic feet for a winter's operation. Again this is not interruptible gas and was not included in our own calculations.

In the year 1949, 491,563 tons of industrial coal of all kinds were used in the province of Manitoba, approximately 200,000 tons of which were lignite. It is difficult to obtain accurate figures on industrial coal consumption for greater Winnipeg. Many firms buy direct from the mines, while others purchase direct through dealers, but the consumption is believed to be in the neighbourhood of 300,000 tons per year. In the winter of 1949-1950, Winnipeg domestic fuel dealers sold 854,811 tons of solid fuel. Total sales of fuel of all kinds in Manitoba for the year 1949 amounted to 1,818,411 tons, 1,018,628 tons of which was lignite. You can see the importance of lignite coal in Winnipeg and Manitoba's fuel picture, and as the delivered cost of this fuel is in the neighbourhood of 30 cents per million Btu, or 1,000 cubic feet natural gas equivalent, there will be considerable difficulty in replacing very much of it with natural gas, even at a ruinous rate and on an interruptible basis.

I particularly wish to reaffirm the figures presented in my brief referred to above. Incidentally, we have had no recent inquiries from anyone concerning prospective natural gas consumption in this district, and we doubt if accurate figures could be determined without consultation with us. It would appear that the 10 billion cubic foot interruptible load referred to has been pulled out of the air.

Yours very truly,

(Signed) A. H. HARRIS,  
Manager, Gas Utility.

That letter, gentlemen, which we must accept as coming from a company which is obviously deeply concerned with getting maximum markets, because it is already in the distributing field of power and fuel in greater Winnipeg, presents figures five years after the gas line is completed of 9¼ billion cubic feet per year of total market as compared with a figure estimated by boundary for the same market of over 16 billion cubic feet; in other words, the Winnipeg Electric figures reduce by over 25 per cent the market at the end of five years completion of the line, which completely alters the economics of that line.

Mr. MUTCH: What is the date of that letter?

Mr. NICKLE: April 23, 1952 and it reached me by airmail this afternoon.

Mr. CONACHER: Could we have the letter read which brought about this reply?

Mr. NICKLE: There was no letter, there was a telephone call.

Mr. STUART: Would it appear that under the present set-up in Winnipeg their profits would be greater than they would be if gas from Alberta should be brought to Winnipeg?

Mr. NICKLE: The Winnipeg Electric Company is anxious to have natural gas, just as any utility company is.

Mr. STUART: Even though their profits would be less?

Mr. NICKLE: I am not saying that. The only point in dispute is the volume of the market.

Mr. WHITMAN: There is about a 25 per cent difference.

Mr. NICKLE: Those figures differ by 7 billion cubic feet a year with the figures presented by the Boundary Transmission. The question is: The Winnipeg Electrical Company is a distributing company and it would hardly be guilty...

Mr. CONACHER: Anymore than an engineering company would be guilty?

Mr. NICKLE: It could be, but they are in a position to know; and the question whether such evidence as we had this morning which basically was simply a few telegrams from various people stipulating the peak summer day sales for several industrial markets in terms of other kinds of fuel than gas; that evidence is certainly not nearly as substantial as testimony from companies who are actually in the business of distributing fuel and which for very obvious reasons want to make a profit and are very much concerned with seeing that their estimates are correct.

Mr. STUART: Was there not a plebisite held in Winnipeg recently?

Mr. NICKLE: A plebisite on what?

Mr. STUART: On the question of Hydro Electric power; and do you think this company would be of the same opinion before that plebiscite was held?

Mr. NICKLE: I do not think that hydro electric power has anything at all to do with the distribution of gas or other utility fuels.

Mr. MUTCH: The facilities in the Winnipeg Electric were in a pot, including the gas facilities, and they were not very much under discussion during the plebiscite a week ago. I think Mr. Stuart's question was: would the Winnipeg Electric, a week ago, have held to that, if they had learned that they were not going to surrender to the province; in other words, would they be of the same opinion as before?

Mr. NICKLE: These basic figures were submitted by the Winnipeg Electric Company to the Alberta Conservation Board in December 1951; and they have merely brought the report up to date.

The CHAIRMAN: Shall the preamble carry?

Carried.

Shall clause 3 carry?

*Capital stock.*

3. The capital stock of the Company shall consist of five million shares without nominal or par value.

Standing order 93 sets forth certain charges to be paid by the applicant for a private bill based on the proposed capital stock of the company. No provision is made for capital stock of no nominal or par value and the practice has been in such cases for the committee to obtain a declaration from the applicant that the no par value stock will not be sold for more than a certain aggregate amount. The committee has then recommended to the House that each share be deemed for the purposes of the standing order to have a value of a certain amount.

This is information from Mr. MacTavish. It is a statutory declaration, "for the purpose of determining the fees to be paid with reference to the authorized capital of the Boundary Pipeline Corporation, the sum of \$4 million should be fixed as the aggregate consideration for which the 5 million shares of no nominal or par value may be issued."

Mr. FULTON: Did I hear you correctly, Mr. Chairman, or did you say "Border Pipeline Corporation" instead of "Boundary Pipeline Corporation"?

The CHAIRMAN: Yes. It should read "Boundary Pipeline Corporation".

Mr. FULTON: Just for the purposes of the record, may we have that amended?

The CHAIRMAN: Mr. MacTavish made a mistake in putting in "Border Pipeline Corporation" instead of "Boundary Pipeline Corporation".

Mr. CAVERS: It is just a typographical error.

The CHAIRMAN: Yes, and Mr. MacTavish will have it amended in the affidavit.

Mr. FULTON: I just wanted our records to be clear. I do not think it will be necessary, if the committee concurs. I would suggest that Mr. MacTavish indicate that he meant "Boundary Pipeline Corporation" with the figures and amounts the same, and that the committee amend the declaration.

Mr. MACTAVISH: Thank you, I shall make the correction. It was a typographical error.

Mr. APPLEWHAITE: Do we require a motion to do that?

The CHAIRMAN: I think we do.

Mr. APPLEWHAITE: Well, if so, I move it.

Mr. STUART: For the purpose of levying charges on the capital stock, the committee recommends that each share be deemed to have the value of 80 cents.

Mr. GREEN: There was a question raised on April 8, as reported at page 43, concerning section 3, by Mr. Fulton when he said:

Mr. FULTON: I think section 3 should stand. I see you have the usual amendment setting a value on the capital stock for purposes of taxation or something of that sort, but in view of the fact that I hope we might get a more specific outline from the financial spokesman when we meet again as to some proposed division or basis on which shares should be offered to the public and which privately subscribed, I would ask that section 3 be allowed to stand.

Are the sponsors of the bill in a position today to give us information as to the basis on which the shares should be offered to the public or privately subscribed?

The CHAIRMAN: There is a motion before the House, Mr. Green, and I think I should put that motion first. It was moved by Mr. Stuart that, for the



purposes of levying charges on the capital stock, the committee recommend that each share be deemed to have a value of 80 cents. What is the wish of the committee?

Mr. GREEN: How is that figure arrived at?

Mr. MACTAVISH: It is a computation on a basis of \$4 million.

Mr. GREEN: That the shares will not be issued at a price in excess of 80 cents?

Mr. MACTAVISH: On that calculation, yes, there will be common shares, however; and as Mr. Matheson pointed out, I believe, in his evidence, financing by way of equity stock would be only one method of obtaining capital. And as you can well understand, it was on that basis that the declaration was made.

Mr. GREEN: And this only applies to equity stock?

Mr. MACTAVISH: It only applies to equity stock.

Mr. FULTON: Before the section is carried, is Mr. MacTavish in a position to give us some rather more concrete information than we were able to obtain on April 8, as to the extent to which it is intended to offer capital stock for private subscription and for public subscription? I understand that in the case of Transmountain, a certain amount was held and subscribed for by the guarantors, the oil companies, while a limited amount was offered to the public. Can we have any information as to how much is expected of this capital stock of 5 million shares to be offered to the public?

The CHAIRMAN: There is a motion before the committee.

Mr. MUTCH: Let us have the motion.

Mr. GREEN: Mr. Chairman, the discussion is relevant to the motion.

The CHAIRMAN: Very well.

Mr. MACTAVISH: In answer to the question, I am instructed that this stock which you are discussing now will be distributed privately as was indicated. I believe, in Mr. Matheson's evidence, generally in the proportion of 75 per cent in Canada and 25 per cent in the United States; and that Mr. Matheson at that point or later, went on to say that it was impossible at this time to forecast with any exactitude what the pattern of the financing would be in terms of bonds and that sort of thing. But I think it was generally assumed that his company, the Dominion Securities, would be handling the financing and would do it in the normal way.

Mr. FULTON: There is no further information forthcoming from anyone who is in a position to offer it, any further specific information at this time?

Mr. MACTAVISH: No. I think it is impossible at this time to make it more specific.

The CHAIRMAN: Shall Mr. Stuart's motion carry?

Carried.

Shall clause 3 carry?

Carried.

Clause 6.

#### *Powers of Company.*

6. The Company, subject to the provisions of any general legislation which is enacted by Parliament, relating to pipe lines for the transmission and transportation of gas and oil or any liquid product or by-product thereof, may

#### *Power to construct and operate pipe line.*

(a) within the provinces of Alberta, Saskatchewan and Manitoba or outside Canada construct, purchase, lease, or otherwise acquire, and

hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial and/or international pipe lines, for the transmission and transportation of gas and oil including pumping stations, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines; and buy, or otherwise acquire, sell, distribute or otherwise dispose of gas; and as an adjunct or correlate to pipe lines for gas to have similar powers and facilities for pipe lines for the transmission and transportation of oil and the acquisition and disposal of oil; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and, subject to *The Radio Act, 1938*, and any other statute relating to radio, own, lease, operate and maintain interstation radio communication facilities;

*Power to hold land.*

- (b) purchase, hold, lease, sell, improve, exchange or otherwise deal in real property or any interest and rights therein legal or equitable or otherwise howsoever and deal with any portion of the lands and property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets, and building sites for residential purposes or otherwise and may construct streets thereon and necessary sewerage and drainage systems and build upon the same for residential purposes or otherwise and supply any buildings so erected, or other buildings erected upon such lands, with electric light, heat, gas, water or other requisites, and lease or sell the same, upon such terms and subject to such conditions as appear requisite, either to its employees or to others; and

*Ancillary powers*

- (c) exercise as ancillary and incidental to the purposes or objects set forth in this Act, the powers following, unless such powers or any of them are expressly excluded by this Act, namely, the powers set forth in paragraphs (a) to (bb) inclusive of subsection one of section fourteen of *The Companies Act, 1934*.

There is a motion before the chair which reads as follows:

Moved by Mr. McIvor:

That paragraph (a) of clause 6 be amended by inserting after the word lines in line 23 thereof the words: provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada.

Mr. McIVOR: I moved that amendment, Mr. Chairman, for this reason: that we do not want the gas to go south to Duluth. We want it to go to the Lake Heads first.

Mr. GREEN: In that connection may I point out that the bill in this same section 6—and could I see that bill—does not ask for power to pipe gas into Ontario. So, as far as this bill is concerned, the company could not pipe it into Ontario. They are not even asking for the power to pipe it into Ontario. They are asking for power to pipe it outside of Canada, and that explains it to me.

Mr. WHITMAN: Where is that statement?

Mr. GREEN: Lines 14 and 15, within the province of Alberta, Saskatchewan and Manitoba or outside Canada. They are not even asking for power to pipe the gas into Ontario and Mr. Patterson admitted to me quite frankly the first day they were not intending to pipe into Ontario or Quebec, and if they had more gas than needed in Saskatchewan and Manitoba, then they planned to pipe it down into the central States. Mr. Herring has even said that this morning, that in his opinion that is the economical way that any larger supply of gas should be marketed. So if Mr. McIvor thinks this bill is going to get him gas ahead of Duluth, I am afraid, will be disappointed.

Mr. McIVOR: Mr. Chairman, forget about Duluth or any other place. My amendment is to prevent gas going outside of Canada. Forget about Duluth.

Mr. NICKLE: Could you read the amendment again?

The CHAIRMAN: It is moved by Mr. McIvor that paragraph (a) of clause 6 be amended by inserting after the word "lines" in line 23 thereof the words: "provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada."

Mr. FULTON: Mr. Chairman, that does not delete anything, it simply adds words.

Mr. GREEN: Furthermore, it was explained the first day that the way the gas would be marketed in the States would be for this company to take it to the border and then to turn it over to an American affiliate or American companies who wish to have a contract, and it would be marketed in the central United States by these other companies. So Mr. McIvor's particular amendment does not prevent that.

Mr. NICKLE: I would like to move a further amendment to this inasmuch as the whole case for Boundary Pipeline has been predicated on a pipe line from Medicine Hat to Winnipeg only. Here is my amendment: That the words "or outside Canada" in line 15, and the words "and/or international" in line 19 be deleted.

Mr. WHITMAN: There is another amendment. Line 18, "and/or international" pipe lines will also have to be deleted.

Mr. ROBINSON: Will the sponsors of those amendments please say what they mean. Perhaps I may elaborate on my question. Supposing these amendments are passed, what is to prevent this pipe line company from carrying their pipe line to the international border and then delivering to another pipe line operated by another pipe line company in the United States?

Mr. GREEN: That is exactly what they do.

Mr. HODGSON: That is the intention of the whole bill from the start.

Mr. ROBINSON: These amendments mean nothing and I intend to vote against them.

Mr. GREEN: Mind you, amendments of that kind might be very helpful when the Board of Transport Commissioners are considering the application. It might make it more difficult for this company to get permission to turn the gas over at the border, and in so far as it might be of help to that extent I would be in favour of those amendments. I think they could still get around it by selling the gas at the American border to an American company. The amendment would help some.

The CHAIRMAN: It would be pretty hard to prevent that.

Mr. NICKLE: Delete all the words from "or outside Canada" and "and/or international"; it would at least help to clarify the fact that applicants for pipe lines propose specific plans. We have one that clearly specified its intention and has already signed a contract with another gas line to expand its system

from a point south of Winnipeg on the Minnesota border. We have another one which has already stated its intention of building its line over the north side of the Great Lakes into Ontario and Quebec. This particular proposition has been presented solely on the basis of serving the market as far east as Winnipeg and eliminating the words "or outside Canada or international" would not make too much difference, except it would help to clarify the issue with the Board of Transport Commissioners when that Board makes up its mind respecting the three would be pipeline companies.

Mr. STUART: It was insinuated the other day that it might be possible sometime to bring American gas from the Detroit area to Ontario. There has to be some reciprocity somewhere and if you amend this bill, then when the people in the Detroit-Windsor area want American gas would you not be hurting the people of Ontario? You think, then, that Yankees are more broadminded than we are?

Mr. NICKLE: Not at all. We already have a company in the field which is actively engaged in an effort to work out an exchange of Alberta gas, the mid-continent gas going to Ontario and Quebec. This proposition is submitted on the basis that it is something different from the other two pipe lines that are already incorporated.

Mr. STUART: I look at this not exactly in the same way. We rely on the United States of America to supply the maritimes with oil and gas, and when you talk in this committee about taking gas and oil from Alberta to the maritime provinces, you are talking nonsense. It can never be done. It is a matter of putting it over the border in one area and bringing it back in another. I am just going to say this and say no more. I well remember during the war, when gas and oil were at a premium the world over. I would pick up the paper which would contain pictures showing the people in Boston sitting in their homes with their fur coats on. Now, I want to tell you that that never happened in the maritime provinces. The gas allocated in the different categories in the maritime provinces was on a more liberal scale than to their own people in the United States. I would therefore oppose a restriction that would seem to be unfriendly.

Mr. GREEN: The amendment made by Mr. McIvor has been written into every pipe line bill.

Mr. ROBINSON: Not every pipe line bill. That is not correct, Mr. Green.

Mr. GREEN: That amendment has been written into every pipe line bill passed by the House in 1950 and 1951. Certainly there is no reason why it should not be written into this one. The amendment by Mr. Nickle deals with a different question. It is a different type of amendment and is simply in line with what these representatives have said.

Mr. STUART: Don't you think, Mr. Green, it would be impossible in many cases for Canadians to enjoy the use of this gas unless sufficient markets are found to maintain these pipe lines? You have to get sufficient population. Many of our small cities may be denied this privilege if we write into this bill that sort of amendment. I believe in British Columbia it would have been impossible to get gas from Alberta if we did not have the American market to the south. You have the same thing here. I would not want to tell the people in Alberta what they should do with their gas, but I know what I say is practical. I think the Board of Transport Commissioners is the right body to go for this decision.

Mr. GREEN: This question has already been canvassed by the governments of Ontario and Quebec and they both said they want to get Alberta gas, and they are afraid that if they have to depend on a deal with Texas, with an oil company piping gas from Texas, then they cannot be assured of a steady supply and apparently some portions of Ontario already have that difficulty; they get

gas at certain times and when it is short below the border they get cut off. So both those provincial governments have gone on record as favouring the use of Alberta gas in Ontario and Quebec. And last year a responsible group came in here and had a charter given them for the purpose of piping that gas right through Canada to Ontario and Quebec, and I think they hoped to get gas as far as Quebec city, at least as far as Montreal, and to serve practically all the large centres in Ontario en route. Now they have that charter, they have already spent hundreds of thousands of dollars if not millions in developing gas wells in Alberta from which to serve that pipe line, and the difficulty is that it seems to be common knowledge that there will be only one pipe line to the east, at least for many, many years, and if that surplus should go down to Minnesota and Chicago rather than into Quebec, then there is no possibility of Ontario and Quebec getting Canadian gas. That is putting the situation fairly and certainly I would be in favour of both these amendments. I cannot see any objection to them. I do not think they do the trick, actually, but I think if this company wanted to do it they could pipe to the boundary and sell to their American affiliates.

Mr. MUTCH: If they can get a permit to export.

Mr. GREEN: The very fact that the words are written into the bill would make it more difficult.

Mr. ROBINSON: It did not prevent the other pipe line from piping to Montana.

Mr. NICKLE: I might explain my amendment to the gentleman from the maritimes. I have been a very strong proponent for several years of the unitization of the continent's oil and gas. In other words, let our oil and gas reach the most economic markets subject to certain conditions—and those conditions are: Let us assure ourselves that gas is handled so that the maximum number of Canadians will have natural gas, whether it be by direct route or by exchange.

The purpose of this amendment, however, is not that. I feel this pipe line bill should clearly relate to the case presented by Boundary Pipelines Company, and inasmuch as we do have two other companies following routes, eastward over the Prairies, with different intentions—one to go south and one to go farther east; as this company has built its case on an economical line to Winnipeg, in its bill it should be limited to a pipe line stopping at Winnipeg.

The CHAIRMAN: Is there any further discussion on the amendment moved by Mr. Nickle—that the words “or outside Canada” in line 15, and the words “and/or international” in line 19 be deleted. All those in favour of the amendment please hold up their right hands? Those to the contrary?

Mr. GREEN: Could we have the vote polled?

Mr. ROBINSON: Is it not too late to call a poll vote?

The CHAIRMAN: It will not take very long.

Mr. MUTCH: For the record we will say we called for it first or it certainly will be a precedent.

(7 in favour—15 opposed.)

The CHAIRMAN: I declare the motion lost.

Now, Mr. McIvor moves that paragraph (a) of clause 6 be amended by inserting after the word “lines” in line 23 thereof the words: “provided that the main pipeline or lines for the transmission and transportation of gas and oil shall be located entirely within Canada.”

All those in favour? Those against?

I declare Mr. McIvor's amendment carried.

Mr. Fulton, you spoke about clause 6. Were there some other questions you wanted to ask?

Mr. FULTON: My point was that the whole clause should stand with the amendment but with the amendment having carried I am quite happy for the whole clause to carry.

The CHAIRMAN: Shall clause 6 as amended carry?

Carried.

Clause 9, Loans to Shareholders or Directors prohibited. Shall clause 9 carry?

Carried.

Mr. GREEN: There was some question raised about that the other day.

Mr. FULTON: I asked that it stand but I find on reflection that the point I had in mind does not arise.

The CHAIRMAN: Shall the title carry?

Carried.

Shall I report the bill?

Carried.

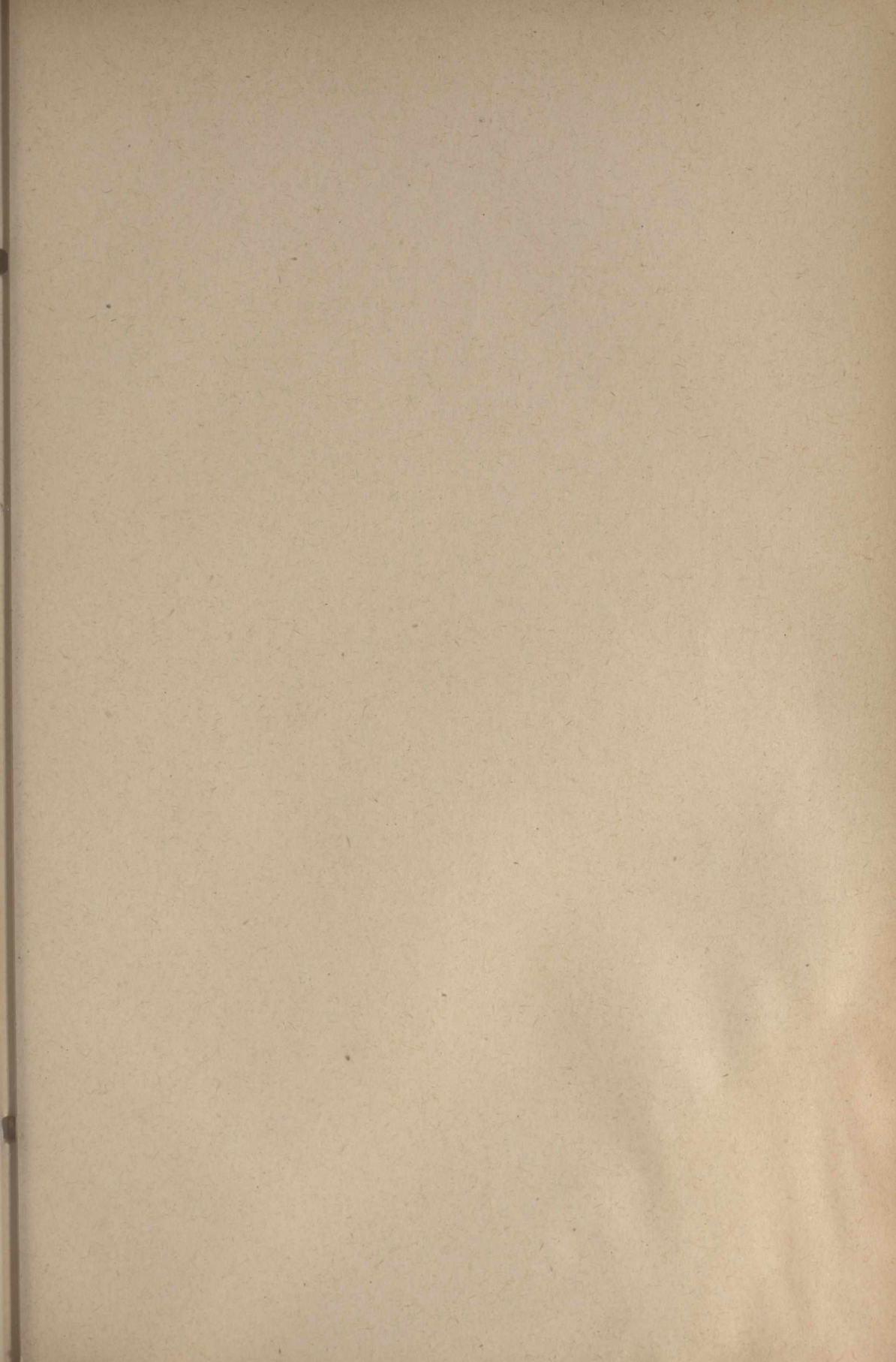
Mr. GREEN: On division.

Mr. McIVOR: Mr. Chairman, I would like to move a hearty vote of thanks to the witnesses who have stood up so well to the splendid cross-examination. They did not even turn a hair.

Some hon. MEMBERS: Hear, hear.

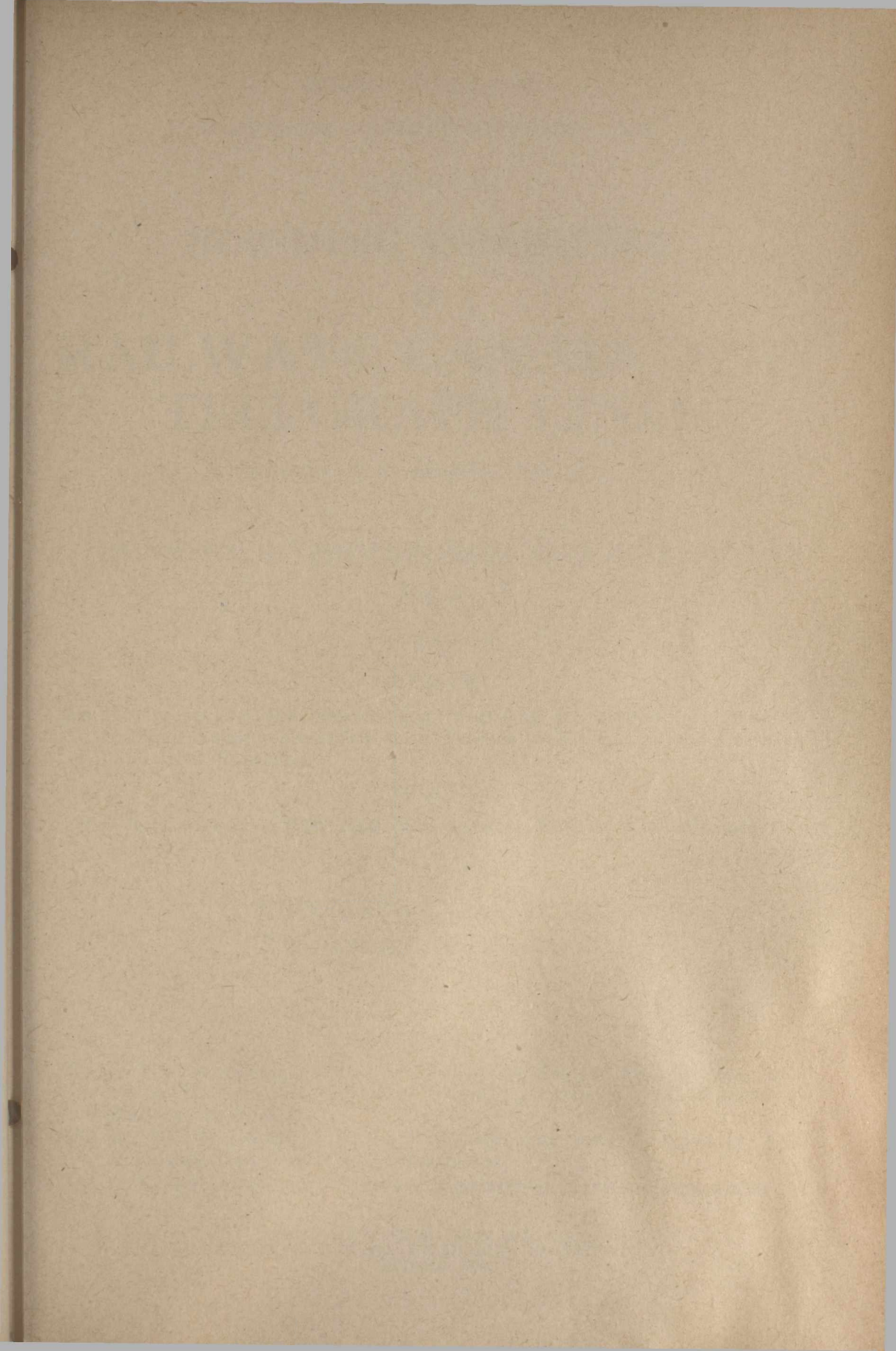
The CHAIRMAN: We will adjourn to the call of the chair.

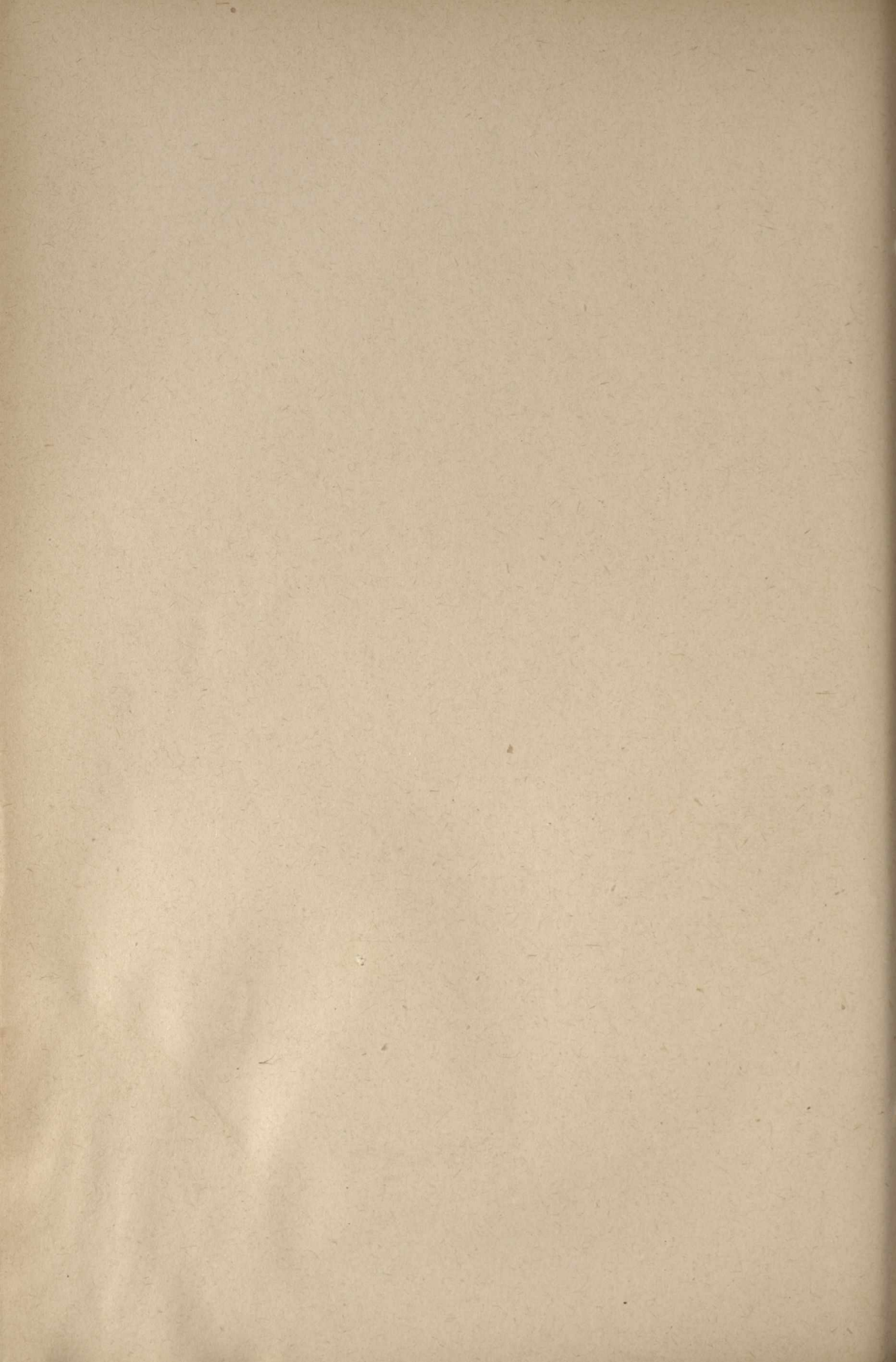
The meeting adjourned.











HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament, 1952

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND  
TELEGRAPH LINES

*Chairman*—H. B. McCULLOCH, ESQ.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

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BILL 192

An Act respecting the construction of a line of railway by Canadian National Railway Company from Terrace to Kitimat, in the Province of British Columbia.

BILL 193

An Act respecting The New Westminster Harbour Commissioners.

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WEDNESDAY, MAY 14, 1952

THURSDAY, MAY 15, 1952

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WITNESSES:

- Mr. S. W. Fairweather, Vice President, Research and Development, and  
Mr. A. B. Rosevear, Assistant General Solicitor, Canadian National  
Railway Company.
- Mr. A. W. Whitaker, Jr., Vice President and General Manager, The  
Aluminum Company of Canada Limited.
- Mr. K. K. Reid, Chairman, The New Westminster Harbour Commissioners.



ORDERS OF REFERENCE

WEDNESDAY, May 7, 1952.

*Ordered*,—That the following Bill be referred to the said Committee:—

Bill No. 192, An Act respecting the construction of a line of railway by Canadian National Railway Company from Terrace to Kitimat, in the Province of British Columbia.

WEDNESDAY, May 14, 1952.

*Ordered*,—That the following Bill be referred to the said Committee:—

Bill No. 193, An Act respecting The New Westminster Harbour Commissioners. X

*Attest*.

LEON J. RAYMOND,  
*Clerk of the House.*

## REPORTS TO THE HOUSE

TUESDAY, April 29, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

### THIRD REPORT

Your Committee has considered Bill No. 62 (Letter O of the Senate), intituled: "An Act to incorporate Boundary Pipeline Corporation", and has agreed to report it with amendment.

Clause 3 of the said Bill No. 62 provides for capital stock consisting of five million shares without nominal or par value. Your Committee recommends that for taxing purposes under Standing Order 93(3) each share be deemed to have a value of eighty cents.

A copy of the evidence taken is appended hereto.

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*

WEDNESDAY, May 14, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

### FOURTH REPORT

Your Committee has considered Bill No. 192, An Act respecting the construction of a line of railway by Canadian National Railway Company from Terrace to Kitimat, in the Province of British Columbia; and has agreed to report the said Bill without amendment.

A copy of the evidence taken is appended hereto.

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*

THURSDAY, May 15, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

### FIFTH REPORT

Your Committee has considered Bill No. 193, An Act respecting The New Westminster Harbour Commissioners, and has agreed to report the said Bill without amendment.

A copy of the evidence taken is appended hereto.

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*

## MINUTES OF PROCEEDINGS

WEDNESDAY, May 14, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11 o'clock a.m., the Chairman, Mr. H. B. McCulloch, presiding.

*Members present:* Messrs. Applewhaite, Beyerstein, Bonnier, Carroll, Carter, Chevrier, Darroch, Fulton, Garland, Gourd (*Chapleau*), Green, Harkness, Harrison, Healy, Herridge, Macdonald (*Edmonton East*), MacNaught, McCulloch, McIvor, Mott, Nickle, Nixon, Pouliot, Richard (*St. Maurice-Lafleche*), Robinson, Rooney, Whiteside, Whitman.

*In attendance:* Mr. S. W. Fairweather, Vice-President, Research and Development, and Mr. A. B. Rosevear, Assistant General Solicitor, Canadian National Railways; Mr. A. W. Whitaker, Jr., Vice-President and General Manager, The Aluminum Company of Canada Limited.

The Committee proceeded to consideration of Bill No. 192, An Act respecting the construction of a line of railway by Canadian National Railway Company from Terrace to Kitimat, in the Province of British Columbia.

Mr. Fairweather was called, heard and questioned.

Mr. Rosevear was called and questioned.

Mr. Whitaker was called and questioned.

Clauses 1 to 8, inclusive, were adopted.

Mr. Green moved that Clause 9 be deleted.

After discussion, and the question having been put on the said motion, it was negatived.

Clause 9, the schedule, the preamble and the title were adopted.

The Bill was adopted and the Chairman ordered to report it to the House.

The witnesses retired.

At 1.20 o'clock p.m., the Committee adjourned to the call of the Chair.

THURSDAY, May 15, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11 o'clock a.m., the Chairman, Mr. H. B. McCulloch, presiding.

*Members present:* Messrs. Bonnier, Carter, Cauchon, Chevrier, Conacher, Darroch, Garland, Gourd (*Chapleau*), Green, Healy, Herridge, Macdonald (*Edmonton East*), McCulloch, McIvor, Mott, Murphy, Murray (*Cariboo*), Nickle, Riley, Whiteside.

*In attendance:* Mr. K. K. Reid, Chairman, The New Westminster Harbour Commissioners; Alderman S. Gifford of New Westminster, B.C.

The Committee proceeded to consideration of Bill No. 193, An Act respecting The New Westminster Harbour Commissioners.

Mr. Reid was called, heard and questioned.

Clauses 1 to 5, inclusive, the schedule, the preamble and the title were adopted.

The Bill was adopted and the Chairman ordered to report it to the House.

The witness retired.

At 11.35 o'clock a.m., the Committee adjourned to the call of the Chair.

A. L. BURGESS,  
Clerk of the Committee





## EVIDENCE

MAY 14, 1952.

11:00 a.m.

The CHAIRMAN: Bill 192, an Act respecting the construction of a line of railway by Canadian National Railway Company from Terrace to Kitimat, in the province of British Columbia.

Mr. Fairweather is representing the Canadian National Railways and I would ask him to answer any questions the members may have.

**Mr. S. W. Fairweather, Vice-President of Research and Development, Canadian National Railways, called:**

The WITNESS: Yes, Mr. Chairman. Did you wish me to give a brief explanation of this matter?

*By the Chairman:*

Q. Yes.—A. The Canadian National Railways was approached by the Aluminum Company of Canada to see under what terms a branch railway might be built from the main line of the Canadian National Railways which extends to Prince Rupert to the proposed aluminum plant at Kitimat. Rather extensive negotiations were conducted with the Aluminum Company, finally leading to a satisfactory arrangement, and the proposed line was recommended to the board of directors of the Canadian National Railways, approved by them and submitted to the government for approval which is the reason for this bill.

The line in question will start from Terrace, a point on the main line of the Canadian National to Prince Rupert, and located about 100 miles east of Prince Rupert. It will travel through a valley in the coast range a distance of 43 miles to the townsite of Kitimat.

In its course it will be necessary to construct a bridge over the Skeena river at Terrace and the line will then proceed by the Lakelse river along the shores of Lakelse lake across the height of land at an elevation of about 700 feet and thence descend the slope to Kitimat.

On this second map here, we have shown the relationship of the line with a bit more geography taken in. Here you see Terrace and this is the Skeena river running down to Prince Rupert. Here is Kitimat located on the Douglas channel or on the Kitimat arm of Douglas channel. The most interesting thing is the gigantic development which has been undertaken by the Aluminum Company where they propose to reverse the flow of the waters which normally flow into the Fraser river and by putting a tunnel through the coast range allow those waters to descend to the Pacific ocean at Kemano.

I think the total horsepower available is somewhere in the neighbourhood of—

Mr. WHITAKER (Aluminum Company): 1,600,000 firm with about 2,000,000 maximum during any time of good water flow.

The WITNESS: And the initial installation upon which our line has been justified is about, roughly, a quarter of the ultimate. It is on a scale, however, which in itself is very substantial because that means somewhere around 400,000

horsepower or better and will involve the construction at Kitimat of a town with a population of about 8,000 people, so that even in its initial stage it is a matter of very considerable importance industrially.

We have made a careful examination of the traffic potentialities of this line both as arising from the traffic of the Aluminum Company and also from other traffic which may be engendered by the development of Kitimat as a port and by the construction of the railway line from Terrace to Kitimat; and we have come to the conclusion that there is a reasonable chance of this line meeting its operating expenses and interest on its capital in the first five years and that in succeeding years it should show a fair return. That is a little different from the usual history of branch line extensions. Usually we have to be content to take a bit of a loss in the first five years while industry is growing up. In this case there is a reasonable expectation that the line will at least meet its expenses and pay its way.

We did, however, make provision that should the line not pay its way, that is, if there is not enough traffic up to a certain minimum amount, that the Aluminum Company by agreement with the Canadian National Railways would guarantee sufficient traffic and I think, sir, that that is about all. Is that enough to give a broad picture of the line? If there are any questions arising, of course, I am here to answer.

*By Mr. Pouliot:*

Q. Mr. Fairweather, you are welcome. Will you please tell me what is the mileage of the railways in British Columbia compared to the province of Quebec by thousand people?—A. Well, I am sorry, sir, I cannot give that offhand; I would be pleased to figure it out.

Q. Well, I will tell you, it is three to one—three people out of one thousand in British Columbia have a mile of railway—I mean both railways, compared to one in the province of Quebec. It surprises you?—A. Well, I know this, that the Canadian National Railways—and I can only speak for the Canadian National Railways—we in the Canadian National keep very closely in touch with industry and also with those who have charge of agricultural development, and we try to see to it that the Canadian National Railways is not backward in furnishing railway transportation where it is needed.

Q. I agree with you.—A. Now, it is significant that the first branch line that has been built in Canada since the war was built in the province of Quebec. This was a branch line 43 miles in length from Barraute out to a place called Beattyville and it was built partly at the request of those who desired to develop the agricultural potential of the clay belt of the Abitibi region and partly to give access to pulpwood resources in that country and also having in prospect future mining development.

Q. What you say is very good and ably said, Mr. Fairweather, but it is not an answer to my question. I mean that the proportion of railways per 1,000 people is three times more already in British Columbia than it is in Quebec and if you have this 40 miles in the province of Quebec it is only a matter of justice and if you give 40 miles more in British Columbia it means they have that much more over the province of Quebec.

Mr. GREEN: We have no St. Lawrence river.

Mr. POULIOT: I will tell my hon. friend that the only objection we had about the Temiscouata Railway on the committee was from him and from the member for Kamloops, Mr. Fulton. All the other members agreed to it and they were the only two members who objected to it.

I am now asking questions about the province of British Columbia railway and I am not to be replied to by any British Columbia members. We ask for something that is just and fair for the province of Quebec and they are always

harping on what is happening in the province of Quebec and the member for Kamloops even criticized what had happened in Quebec, but what about the millions that had been spent for a dam in the Fraser river. We never have a chance in the province of Quebec and when we get something it is a bonanza. When we get something that is fair to us they are always harping about it and they are most unpleasant to all members who are trying to get something for us in the province of Quebec. It is the old Tory game.

Mr. APPLEWHAITE: I would like to ask one or two questions and I would like to assure the member for Temiscouata that I am not trying to be an obstructionist.

Mr. POULIOT: I do not complain—I have dotted the I's and crossed the T's.

*By Mr. Applewhaite:*

Q. I wonder if for the matter of the record, Mr. Fairweather, you would give us your initials and position in the Canadian National Railways?—A. My name is S. W. Fairweather and I am vice-president of research and development, Canadian National Railways.

Mr. POULIOT: And a very fine gentleman.

*By Mr. Applewhaite:*

Q. Would you be willing to tell us the approximate date in which you propose this line to be in operation, assuming that the bill goes through right away?—A. On that assumption, sir, our present programming would be that this railway might be constructed by the end of 1954.

Q. Does the Canadian National Railways contemplate the construction of certain terminal facilities at Kitimat and, if so, in general terms—not the actual specifications—can you tell us what you have in view there?—A. Well, sir, the Canadian National Railways will certainly have terminal facilities in Kitimat. They will initially be of a rather limited nature because the job itself is initially rather a simple one. However, we have in collaboration with the Aluminum Company given consideration to the broader problem of what might be expected when you build a railway to a new port on the Pacific coast.

The general situation is that the Aluminum Company have assured us that terminal facilities will be provided which will allow the Canadian National to have access to any industrial development or port development in Kitimat on terms, of course, to be negotiated.

Q. And the construction of this line at Kitimat would involve the construction of station, freight shed, and some yards, I suppose?—A. Yes, sir.

Q. Will it involve any additional construction or installations at Terrace?—A. There will of course be a connection with the main line at Terrace, but apart from let us say a few limited facilities to take care of a diesel locomotive and to store cars we do not anticipate any extensive terminal facilities at Kitimat being necessary.

Q. Such things as will be necessary in the nature of stations, additional yardage and so forth are included in the \$10 million estimate are they?—A. Yes, sir.

Q. They will all be financed under the financial provisions of this bill?—A. Yes, sir.

Q. I have one other question I wanted to ask in connection with financing but if this is not the time or the witness the chairman will correct me.

I wonder whether somebody would be kind enough to look at sections 4 and 5 of the bill with particular reference at the top of page 2 to the words "exclusive of any securities issued to secure loans made under section 5".

A layman casually or perhaps carelessly reading those sections would come to the conclusion, to some extent at least, that the financial provisions of sections 4 and 5 are in addition to each other. I wonder if this witness can tell us in this bill what is the total expenditure that the bill itself provides for the financing?—A. That would come from Mr. Rosevear.

Mr. APPLEWHAITE: Do you want to get it from him now, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. APPLEWHAITE: If that is agreeable, I am through.

Mr. ROSEVEAR: So the committee will have my name, and initials, I am A. B. Rosevear, assistant general solicitor of the Canadian National Railways. Perhaps I could explain section 4 by giving this illustration. The bill enables the company to finance in two ways. Under section 5, in order to enable work of construction and completion to proceed immediately, the government is empowered to lend the company money.

If, for instance, the company borrowed \$10 million from the government the railway would issue certain securities to the government in the form of notes or in some other form as might be required, and those securities are not to be counted as being securities along with those that are mentioned in section 4; because, otherwise, you would have this situation. Supposing we borrowed \$10 million from the government then we would have exhausted our power to issue \$10 million to the public. The purpose of issuing \$10 million to the public is to pay back the government, and the total amount of the securities outstanding eventually will be \$10 million. That is all we are being authorized to issue.

So, in section 4 we have to exclude the securities issued to the government because they are to be repaid out of any public issue of bonds.

Have I made it clear, Mr. Chairman?

The CHAIRMAN: Is that clear, Mr. Applewhaite?

Mr. APPLEWHAITE: Yes.

Mr. HERRIDGE: May I ask one question of the witness, following the questions put by Mr. Applewhaite.

Have the Aluminum Company of Canada indicated their intention to purchase a large block of those securities?

Mr. ROSEVEAR: You mean Canadian National securities? Oh, no. If and when the securities are issued by the Canadian National Railways to the public they will be issued in the usual way—by a public bond issue; and any person is free of course to subscribe to those securities which are almost as good, and in fact we think they are as good, as Government of Canada bonds.

Mr. POULIOT: Mr. Rosevear, will you please tell us what representations have been made by the Aluminum Company of Canada to convince the Canadian National Railways that the new branch was a good thing.

The WITNESS: I think that comes within my field.

I may say we conducted quite extensive negotiations with the Aluminum Company on that very point, and they indicated to us the traffic which they expected to ship over the line. We took a look at the estimate and we said: If this in fact does result, why it looks pretty good. It looks reasonable—but what assurance have we that it will come out this way?

So, we asked them to guarantee the volume of traffic at a level sufficient to allow the Canadian National to pay the cost of operation of the line along with interest upon cost.

Mr. ROBINSON: What are the terms of the guarantee?

The WITNESS: The terms of the guarantee are briefly this: The Aluminum Company guarantees a total volume of traffic of \$10 million during the first ten years.

Mr. McIVOR: Good boy.

The WITNESS: There is a provision that if they fall short in traffic they will make it up in money.

Mr. ROBINSON: In what way?

Mr. POULIOT: What can you say about the traffic?

Mr. ROSEVEAR: Do you wish to know the nature of the traffic?

Mr. POULIOT: Yes.

The WITNESS: I can give you that—here it is. This is what they estimate is likely to occur.

Petroleum coke, inbound traffic, 52,000 tons; coal tar pitch 15,000 tons; calcine anthracite coal, 2,400 tons; pot lining tar, 235 tons; aluminum fluoride and refined fluorspar, 3,100 tons; soda ash, 800 tons; miscellaneous traffic, 10,000 tons, a total of 83,585 tons.

Outbound tons are 30,000 tons of aluminum ingots.

*By Mr. Robinson:*

Q. If the railway is completed in 1954 and the traffic should amount to 8 million tons in 1957 what would be the financial penalty to the Aluminum Company?—A. The agreement is a flexible one and it amounts to this: If they are short a dollar in traffic they have to pay us 33 cents in cash. So, in the event you speak of—and if that was all that was involved—they would have to pay \$666,666.66.

Q. What other considerations are involved?—A. No others, except it is provided in the agreement, in an element of fairness, that if in some succeeding period within a limited time if they went over their guarantee the money would be refunded to them.

*By Hon. Mr. Chevrier:*

Q. What is the difference between this agreement and the one in the case of Barraute-Kiask Falls?—A. There is very little, really. The same principle is involved.

Q. How is that working out?—A. It is working out wonderfully well. In that case there is no question of calling upon the industry to implement its guarantee. They are away ahead of their guaranteed traffic.

*By Mr. Robinson:*

Q. Who has constructed the line from the north shore of the St. Lawrence to the Quebec Labrador development?—A. That was the iron ore company itself.

Q. May I ask a further question?—What considerations would lead the Canadian National Railways to go into this project and not go into the project in Quebec?—A. I think the simple answer to that is that we were never asked to go into the Quebec project.

Q. This project then was at the request of the Aluminum Company?—A. That is what I said.

*By Mr. McIvor:*

Q. Is there any other railroad serving this aluminum company or close to it?—A. No, sir. There is no other railway serving the Aluminum Company at Kitimat.

Q. In what way would the Aluminum Company dispose of their products unless it was by railroad?—A. They have the availability of water transport, sir.

Kitimat has been located at the head of Douglas Channel on Kitimat Arm. That is a deep water ocean port so that they could bring material into their plant by water and they could also ship by water—but the amount they said they would give us is as I have indicated.

Mr. MOTT: Mr. Fairweather, you are not taking into consideration any other projects that may be constructed in the area?

The WITNESS: Oh, yes sir. When we examined into this matter we looked at it primarily from the point of view of the line to serve the Kitimat development of the Aluminum Company but we could not overlook the fact that this line also had broad development possibilities. Now, those may be lightly touched upon. In this valley between Terrace and Kitimat there is one of the largest stands of mature timber on the west coast, and undoubtedly with the railway in there connecting at one end with the main line of the Canadian National and at the other end the sea it will make much easier the development of all this timber in this valley. We looked into that. There is a distinct possibility that out of it a pulp mill will be established at Kitimat. There is a certainty that there will be lumbering activities in the area, and we take that into consideration in the period following the first five years. So that we expect to get a substantial implementation of traffic other than aluminum after the first five years. In addition to the resources of the forest, you also have the other interesting possibility in the development of our west coast fisheries. Kitimat being a port on sheltered water will aid Canada in her ability to land halibut from this area in here (indicating on the map). It is going to bring closer, generally speaking, the halibut grounds of British Columbia in competition with Seattle. At the present time we have Prince Rupert, and with respect to Prince Rupert there is I believe, at the present time, approximately 50 per cent of the halibut landings which are handled at that port and about 40 to 50 per cent through Seattle. Now, with another port located here at Kitimat it is going to mean that the halibut fishermen can fish more effectively in certain areas, particularly in relationship to the southern part of the grounds than they can out of Prince Rupert and the result is that it would—what I am suggesting is not that we would divert the fishing activity from Prince Rupert but that Kitimat will become more actively competitive with Seattle and greater landings of fish will be made in the Canadian ports. We looked into that very carefully. And then one must also not overlook a rather interesting phase which will arise out of this development. There is in the Skeena Valley and the Kitimat-Terrace Valley and in its extension here to the north a very substantial area of land that is suitable for agriculture development. That is not being effectively used at the present time because it hasn't got any readily available market and the things which they can grow most effectively are not things which can be shipped great distances. The development of Kitimat as an industrial town with a population initially of 8,000 and an ultimate population which may be as high as 50,000 will result in a contribution to the agriculture development in and around the Terrace area and extending down the Kitimat Valley. It is going to do for western British Columbia pretty much what the mining industry has done for the Abitibi region of Quebec where we had a very similar problem; we had great agriculture possibilities which could not be exploited until we got industry into the country and when industry had settled in the shape of mining enterprises it just rejuvenated the agriculture possibilities of the Abitibi. Something like that will take place in this area.

Then there is also something to be considered, something that I find rather attractive in the long range point of view. We notice that the outlets to the Pacific ocean are limited, we see that from the map; we can only get

through the coast range at two points; one is through the Fraser Valley into Vancouver, the greater Vancouver area to the ports of New Westminster, Vancouver and Victoria; and the other is through the Skeena Valley. There is no other direct rail route to the Pacific coast. Now, as Canada increases in her industrial importance, undoubtedly there is going to be greater use made of these western gate-ways. But one that brings up the old bug-bear the return cargoes. Now, it so happens that the development of the Aluminum Company furnishes in substantial degree the necessary balance. The Aluminum Co. will use large quantities of alumina which will have to be brought in in very large quantities by water. I refer to alumina from which they produce aluminum, but they only produce out of one ton of alumina I think it is only half a ton of aluminum; and the result of that is going to be that there will be a lot of empty bottoms available at Kitimat, and they are going to want a return cargo, and that will develop an export business from points in the prairies perhaps as far east—I don't know how far east, probably all the way through to Winnipeg—The products of Canada seeking world markets will flow out through Prince Rupert and Kitimat. There is one other national resource that I have not mentioned. I only mention it in passing because it is only speculation; but that is the mining industry. We have in Canada, in the coast range, back of us here, one of the greatest potential mining areas in the world. It has already produced very large mines and will produce others. Now, it is of intangible value. I could not put a dollar and cents value on it. But it is significant that the coast range goes right through this area which the Kitimat line travels.

*By Mr. Pouliot:*

Q. If you will permit me, there is no post office here at Kitimat?—A. Yes, there is.

Q. Is there? Because I have not found it in the Canadian Almanac for 1952.—A. It is there now.

Q. Now, Mr. Fairweather, there is a thing that interests me very much. I would like you to be kind enough to explain what the five year plan of the railway for construction is, and its bearing on the expense of the line. Mr. Gordon told us about a five year plan. I have heard Stalin speak of a five year plan, but this is the first time I have heard it about railways. I would be very thankful to you if you will explain to us how a railway would be built within a year and a half while other railways are built or re-built in only five years. Do you know something about that five year plan?—A. I have heard a great deal about various plans. I could not give you any information in answer to your question.

Q. It is a fair question, and I have been told, and it was repeated to me, that for the Temiscouata railway construction and the re-construction it would be on a five year basis, according to a five year plan; and there was a five year plan for another subvention in here another subvention. Now, here, where there is a railway that is to be built in an area which is regarded as important it is being built in a year and a half, disregarding the other three years and a half. We don't question that. You cannot tell me anything about that, Mr. Fairweather?—A. No sir.

Q. Thank you. Well now, what I want to ask you is about the financing of a railway which will require only a year and a half to build, and in connection with that you have indicated that there is an agreement with the Aluminum Company with regard to a certain definite engagement?—A. We have been in touch with all sources of information.

Q. I know.—A. And we have estimated that our total gross revenue in the first five year period will run \$1,800,000 per year.

Q. I know; but that is figuring, and you had some correspondence with the Aluminum Company in which they agreed to do certain things. Is that not true?—A. Oh yes.

Q. Now, did you have similar arrangements with other firms or companies of the district with regard to timber, fisheries, and so on?—A. Our contacts with fisheries were made through the Federal Fisheries Department. We sat down with them and consulted as to what might be expected. We did not take any credit at all for the first five years for fisheries; there is nothing included for the first five years for fishing. On the question of lumber, we got our information from the provincial authorities of British Columbia and we did endeavour to find out whether anybody had an active plan in hand which would give traffic in the first five years, definite traffic, but we could not find any. Therefore, in the first five years we did not give any credit for the products of lumber; but in the succeeding years, speaking as development officer, and having wide experience in these matters, I can assure the committee that you cannot build that line, tapping these natural resources without those resources being developed after a period of time.

Q. If you will permit me, Mr. Fairweather, in other words, you did some planning with the Federal Department of Fisheries with regard to fisheries, and with the provincial department of forests of British Columbia with regard to forests; but that was not an answer to my question. What I asked you was if you had made arrangements, or if the Canadian National Railways had made arrangements with firms engaged in the forest products business, or in the fisheries business with regard to the future as the thing was done with the Aluminum Company?—A. The answer to that, sir, is no.

Q. Thank you. It means then that all you have said is that with regard to timber and fisheries, it is just expectations based on planning in one case with the federal department and in the other case with the provincial department?—A. That is correct, and having regard to my knowledge of the resources.

Q. Thank you; and with regard to competition between Prince Rupert and Seattle, would there be some fishing business? Will some fishing business—you see—that goes now to Prince Rupert be diverted to Kitimat?—A. We do not think so. We think, if anything, if any question of diversion is involved, it will be a diversion of traffic which now goes through Seattle.

Q. What is your reason for thinking that?—A. The reason, sir, is this: That there is now competition between Prince Rupert and Seattle for the landing of halibut. Prince Rupert does not get all the landings by any manner or means. I think they get a little better than 50 per cent of them. Now, if we can establish a port somewhat nearer to Seattle than Prince Rupert, it is only natural, in a marginal business like fishing, that some smart operator will say: "If I can land my fish at Kitimat, I will be better off than if I take them to Seattle, because I can spend more time on the fishing grounds."

Q. Do you know the distance between Kitimat and Prince Rupert is much shorter than between Kitimat and Seattle?—A. I do not think that is germane, sir. You see, a boat fishing out of Kitimat would travel down the Douglas channel to the fishing grounds at the south end of the Queen Charlotte Islands; while a boat travelling out of Prince Rupert would travel to an area in the Hecate Straits, and Dixon Entrance and will naturally flow to Prince Rupert. There is no question of an interchange of fishing business between Kitimat and Prince Rupert.

Q. Yes; but the fishing banks are south of Kitimat and Prince Rupert.—A. No. Some of them are north.

Q. But you indicated on the map that the sounding part of the strait was there.—A. I said, sir, that Kitimat, according to our analysis, has certain advantages over Prince Rupert, let us say, for traffic that Prince Rupert is not now getting.



Q. What is the distance between Kitimat and Seattle by water?—A. It would be around 500 miles, or in the order of 500 miles.

Q. And what is the distance between Kitimat and Prince Rupert?—A. I would imagine it is in the order of 130 miles, or something like that.

Q. Do you not realize that two ports that are within 120 are both easier of access than one which is 500 miles?—A. The fact remains that Seattle does take about half the landings. All I am concerned with are the facts.

Q. I know.—A. And the fact remains that regardless of anything, half of the landings go to Seattle.

Q. But you must realize quite well that if you are concerned only with facts, we cannot discuss them before the railway is built and the port is opened to navigation— and before that all you say is expectations and hopes. Is that not true?—A. No, I do not think it is true, no. I have been in the development business for a good many years and I have behind me a record where my judgments have been tested by experience, and I think—I really think, sir—that on that basis, when I give my opinion as to what is likely to happen, I give it after serious and considered study.

Q. I will agree, Mr. Fairweather, that it is an honest opinion of a man of experience and I cannot give you a better testimony than that.—A. That is right.

Q. And I am not to discuss your qualifications, and it is out of the question; you are not in this at all, you are not in this picture. What is in the picture is a public railway between Terrace and Kitimat, and I want to know if it is planning or facts. And when you mention facts it is facts that are only on paper and are not there on the land or near the sea. Now, I have another interesting question to ask: what will be the weight of the rail that you will use on the railway?—A. I think we are planning on using second-hand 85-pound steel.

Q. Why don't you take the 56-pound rail that is on the Temiscouata Railway, rail that is antiquated and dates back to 60 years ago, to start that new line? It is good for us, but for British Columbia you have heavier rails, always better treatment for other provinces by the Canadian National, and I excuse the minister from that, it is not his fault, but whenever we discuss with the officers of the Canadian National Railways, everything that is done outside of the province of Quebec is good and fine and we have to be satisfied with the leftovers of the company and we cannot have anything, and I will repeat before the minister what I have said in the first place, it is that the Canadian National Railways are snubbing the province of Quebec, they are giving us the cold shoulder and they treat us like country cousins.

Hon. Mr. CHEVRIER: I do not agree with the statement made by the hon. member at all. That is not a correct statement of fact.

Mr. POULIOT: I thank the minister. I have the highest regard for him. I know he has to say that, and besides that I will say it is my deep conviction that we cannot have satisfaction from the management of the railway with regard to questions pertaining to the province of Quebec.

*By Hon. Mr. Chevrier:*

Q. Mr. Fairweather, may I ask a few questions. Did you deal earlier with the power development and the other aspects of this project?—A. Oh, yes, we did.

Q. You dealt with the 1,600,000 horsepower that is to be developed?—A. Yes.

Q. Is that all for the Aluminum Company?—A. Part of the arrangement we made with the Aluminum Company was that they would always maintain available at Kitimat power sufficient to support industrial development that might locate there. They undertook to keep a block of power, a very substantial block of power available for general industrial development.

Q. And how much of that 1,600,000 will they require?—A. I think, sir, that the Aluminum Co. representative could speak better to that, but I know this, that we insisted that they reserve for general industry a substantial block of power, and they agreed to it.

Q. Did you deal with the agreement between the Aluminum Company and the Canadian National Railways?—A. You mean in the committee?

Q. Yes.—A. Oh, yes. Are there any questions you would like to ask?

Q. I just wanted to know how the agreement operates if there is not \$1 million of revenue traffic accruing each year.—A. The arrangement, sir, is this—

Mr. ROBINSON: Was not the figure \$10 million?

Hon. Mr. CHEVRIER: It is \$1 million annually; it is \$10 million for the 10-year period.

The WITNESS: The arrangement is this, that each year we will strike a traffic balance. If that balance is short of the required amount—that would be \$1 million for the first year, \$2 million to the end of the second year and so on—the Aluminum Company undertakes to pay to the Canadian National Railways one-third of the shortage in cash, with the proviso that if in subsequent years they handle traffic in excess of the guarantee so that they would get a credit, the Canadian National Railways would refund to them such portion of the guarantee payment as they would have earned by such excess traffic; but this arrangement does not go on forever, it only goes on for a period—the guarantee period is for 10 years, and \$10 million. They have a chance to recoup any payments but only inside another ten years.

Mr. ROONEY: Supposing there is other revenue accrues besides the traffic revenue from the Aluminum Company. Is the Aluminum Company to be credited with that?

The WITNESS: Yes, sir, and it is only fair that they should.

*By Mr. Robinson:*

Q. You mentioned the power arrangement. Is that limited in time, also?—A. No, sir.

Q. What are the exact terms of the power arrangement, that is, for other industries?—A. The minimum is that they will keep 100,000 horsepower available to general industry.

Q. Out of 1,600,000 horsepower?—A. That is the minimum. But I may say that in our discussions with the Aluminum Company they said that their own plans were on a more generous scale, but we insisted on a definite minimum guarantee.

Q. And that is covered by your agreement?—A. Yes, that is covered by the agreement.

*By Mr. Green:*

Q. Within the last couple of weeks there have been dispatches in the Vancouver papers to the effect that the Powell River Company are negotiating an agreement with the Aluminum Company for the establishment of a pulp mill and possibly a paper mill at Kitimat. If that should be installed, what effect would it have on the traffic over this branch line?—A. It would have a considerable effect and would be beneficial, and I would be only too glad to see it happen.

Q. There would be a good proportion of the production shipped out by rail, do you think?—A. Well, that becomes a very difficult matter to answer, sir, because you see it would be at seaboard and, naturally, the pulp company would ship by water wherever it could do so to advantage, but I can say to you definitely that the existence of a pulp mill at Kitimat would be a splendid thing and we would welcome it.

Q. What are the plans for dockage at Kitimat? Apparently you expect quite a lot of ocean-going deep-sea shipping in and out of that harbour. Can you tell us what the plans are for the erection of docks? Are they to be installed by the Aluminum Company or by the railway, or will they be government docks? What is the plan?—A. As far as I know, I know the Aluminum Company have very definite plans for the development of docks, but I could not answer any more than that.

Q. Is there anything in your agreement giving you rights over the docks?—A. There is an understanding, not in the written agreement, but there is an understanding with the Aluminum Company that they will give us access to the docks and to the industries on terms to be mutually satisfactory. We have not the slightest hesitation in feeling that the Aluminum Company will, in this matter, be eminently reasonable because it is to their own interest.

Q. Oh, yes, it is obviously a plan which will benefit both the Aluminum Company and the Canadian National Railways?—A. That is right. I may say this, that the Aluminum Company in this particular development is working it out on a very broad gauge scale and they are not making Kitimat a company town; they are definitely aiming at trying to develop Kitimat as a port and industrial centre.

Q. As I understand it, their plan is to draw in as many other industries as possible to Kitimat?—A. Yes, sir. There are representatives of the Aluminum Company here. I am sort of speaking for them but I have no doubt they would be glad to answer any questions.

Q. It might be well if we could have a word from a representative of the Aluminum Company. Mr. Fairweather, in the case of the branch line which was constructed—not the branch line but the extension which was constructed last year from Sherridon to Lynn lake in Manitoba, you asked and obtained financial assistance from the Department of Defence Production on the ground that the copper and nickel which were to be products of that new mine at Lynn lake were required for defence purposes. Did you give any consideration to making a similar request with regard to this Kitimat branch line? I ask that because aluminum would seem to be also a defence material.—A. Well, I cannot speak of that from the point of view of definite knowledge, sir, but I might say this, because I know the economics back of it, and the conditions were from the point of view of economics considerably different. In this particular case, as I have explained to the committee, there is more than a fair chance that within a period of ten years this particular Kitimat line will be a substantial revenue producer.

Now, in the case of the Lynn lake line, that is not so, and although we exacted guarantees from the mining companies, the maximum guarantees that they could afford to give us and still keep themselves afloat were not enough to make the balance sheet come out on the right side, and consequently from the point of view of economics we had to get additional assistance. In this case here for us to have sought assistance where we had a proposition that on the face of it was remunerative, was a little different.

Q. You believe that this branch line will pay practically from the time it is completed?—A. I stated, sir, that in the first five years we have reasonable expectation that we will not have to call upon the Aluminum Company to meet their guarantee and that actually we will get enough in revenues to pay all expenses incurred, including interest on construction.

Q. Probably you would like to have a good many other branch lines of the same kind?—A. Yes.

Q. Mr. Fairweather, you mentioned about the ships which come into Kitimat carrying the alumina requiring return cargo and that there would probably be quite an extensive shipment of goods from the interior of British Columbia and from the prairies outgoing from Kitimat?—A. Yes.

Q. Have you given any consideration at all to shipment out of the products from the Peace River district?—A. All that would be in the picture, certainly.

Mr. POULIOT: To fill the empty bottoms.

Mr. FULTON: Or fill a few empty heads.

*By Mr. Green:*

Q. That would require an outlet by rail from—

Mr. POULIOT: Mr. Chairman, I rise on a question of privilege. I heard the member for Kamloops speaking of empty heads after I had asked the question. I want him to withdraw it at once.

Mr. FULTON: Mr. Chairman, I did not hear the member for Temiscouata asking a question.

Mr. POULIOT: I heard him say—I spoke about empty bottoms and in reply, you see, with his genial smile, the hon. member for Kamloops—and I am very serious about it and I am not to be insulted by any juniors and I want him to withdraw at once, sir. I rise on a question of privilege. No one can call another colleague an empty head, so I would like to please ask him to withdraw it.

The CHAIRMAN: I think the member for Kamloops, if he said that, should withdraw it.

Mr. FULTON: Mr. Chairman, the position as I see it is this, that the hon. member for Temiscouata made an interjection which, as I understand the rules of procedure in the committee being the same as those in the House, is strictly speaking out of order because when an hon. member has the floor as the hon. member for Vancouver-Quadra had, I understood no other member should interrupt.

Now, there was an interjection made by the member for Temiscouata and, if you like, the understanding and temper and spirits of all those members of the committee were jovial and the members were in a good frame of mind after the questions which had previously been asked by the hon. member for Temiscouata and I made an interjection too, which was as out of order as the interjection of the hon. member for Temiscouata, but if the hon. member for Temiscouata feels that notwithstanding the fact that his interjection had been out of order and had not been objected to, but that mine which was also out of order should be objected to, well, of course, he is entitled to raise the point and if the hon. member will withdraw his interjection I am quite prepared to withdraw mine.

Mr. POULIOT: Mr. Chairman, my reference to empty bottoms was not with regard to the hon. member. Every member of the committee understood that I was referring to ships and the reference of Mr. Fulton to "empty head" cannot be applied to ships. It could be applied only to a human being. You have been very tolerant in listening to him and it is not for me to judge whether my interjection was out of order or not; it is you, sir, and therefore I am asking you, sir.

Mr. FULTON: Mr. Chairman, I believe there is a part of a ship called the head.

Mr. POULIOT: Mr. Chairman, as the boss of this committee will you please call him to withdraw what he has said in reference to one of his colleagues?

Mr. McIVOR: Mr. Chairman, I am anxious to know what the British Columbia members think of this. I was out there this year and the impression I got was that there was a great need for that railway. I would like to hear what the British Columbia members say.

The CHAIRMAN: After Mr. Pouliot's explanation I think, Mr. Fulton, it would save time by withdrawing.

Mr. FULTON: Mr. Chairman, if the hon. gentleman feels that there was anything offensive directed towards him in the remark, I withdraw it unreservedly.

Mr. POULIOT: I was not offended but it was out of order.

Mr. FULTON: Perhaps, Mr. Chairman, my withdrawal should be modified in the same way.

*By Mr. Green:*

Q. Mr. Fairweather, when this interruption took place we were considering the possibility of exporting commodities from the Peace River area via Kitimat or Prince Rupert. Incidentally, I presume most of it would go by Prince Rupert because there are far better facilities there for handling freight. Would it be feasible to take those commodities out of the Peace River district with some railway line to the west from the district?—A. Yes, I think so. In fact, I know so. The railway lines in the Peace River area centre on Edmonton and then from there there is a railway running out to Prince Rupert. Actually, the pass, the Yellowhead pass through which that railway runs is the lowest pass through the Rocky mountains. It takes a little longer to get around there but the railways years ago in recognition of the various economic factors involved put the rates from the Peace River country practically on a basis—they made a substantial reduction in the rates and the result is that there is at the present time available from the Peace River country a rail route capable of supporting this export business.

Now, there would come a time when it is possible an extension might be justified on an economic basis. I would say that.

Q. Has your company given any consideration to an extension to the west from the Peace River district?—A. Well, that has been studied, sir, many, many times and you will perhaps recall there was an engineering committee set up away back about twenty years ago which made a very exhaustive report on it and it showed conclusively that at least for a long time in the future you could not get an economic justification for another crossing of the Rocky mountains.

Q. But I take it that this development in the Kitimat area would make it a good deal more of a business proposition than it has been hitherto?—A. Well, I think this, that the Peace River country is a thriving part of Canada. A couple of years ago I spent the whole summer out there and I was greatly impressed by it. I examined into the question, as far as I could, as to whether there was any serious handicap in its further development by reason of lack of facilities. I think we are on top of the situation, sir. We are studying it all the time and are on top of it.

Q. And have you given any consideration in your planning to the possibility of a highway being built from Kitimat to Terrace?—A. Well, I think it is a foregone certainty that there will be a highway from Kitimat to Terrace. I cannot see how any other conclusion could be reached.

Q. And that fact has been taken into consideration in your planning and in your estimates?—A. Oh, quite, sir.

Q. Would the railway be in a position to undertake the trucking on that route?—A. Well, we have taken up with the province of British Columbia the possibility of the Canadian National being given franchises to operate upon that highway.

Q. You have made formal application?—A. We have not made formal application because the road is not yet built, but we have let the province know that we are going to do it.

Q. By the way, you will be running a passenger service as well as a freight service?—A. Oh, yes, sir.

Q. I suppose you have no idea as to whether it would be a daily service?—A. I think we are set up on a daily passenger service except Sunday.

Q. That is, you are running your main line from Jasper to Prince Rupert along the same basis at the present time, are you?—A. Yes.

*By Mr. Robinson:*

Q. In the development of certain ports on the Great Lakes, the railway companies have obtained in some cases considerable waterfront freehold and also water-lots in the harbours. This has enabled them to supply themselves with adequate terminal facilities and has also enabled them to lease industrial sites to the industries and thereby keep their own hands on the resultant traffic involved. I am not quite clear from your evidence as to what arrangements are being made at Kitimat in that respect for the protection of the railway company.—A. I said simply that we will run our railway down into Kitimat and provide terminal facilities in Kitimat for rail purposes.

Q. May I interject there? Do you have freehold at the present time?—A. No, sir; and I will say incidentally that our ownership of property in Kitimat will be limited to those facilities that are needed for the operation of the railway. We will not own lands in Kitimat for speculative industrial development. It is not the policy of the Canadian National to do that sort of thing.

Q. Well, that used to be the policy of the railway companies?—A. It has not been the policy of the Canadian National Railways for many, many years. It was tried by some of the predecessors of the Canadian National Railways and while you can point to one or two brilliant successes, on the average you find that it was a losing game.

By the time you have paid taxes on idle property for, say, twenty years or so you find the game is not worth the candle. So our policy is to leave in the hands of entrepreneurs the actual development of the industrial potential. We confine ourselves to providing the facilities which will enable that development to take place.

Q. What will be the extent of the land which you will require for your installations at this port?—A. Oh, it will be quite small—a matter of a few acres.

*By Mr. Fulton:*

Q. Mr. Chairman, may I ask Mr. Fairweather what studies have been made of the possibilities with respect to the effect on the main line or on the other main line from Red Pass to Vancouver of the completion of a further line to a port on the Pacific coast?—A. Well, I think it will add to the importance of the line to Vancouver. It certainly will not detract from it.

Q. Would you mind enlarging on that?—A. Well, I tell you, sir, it comes about this way. Obviously Vancouver, at the present time, being a window on the Pacific or a gateway to the Pacific, has and enjoys a certain volume of traffic which it gets in competition with other locations. Now, broadly speaking, that competition in so far as it involves ports is with ports in the United States. The advantages which will accrue through the development of Kitimat as a port will not detract from the advantages Vancouver has. It will simply add to the general advantage Canada would have—vis-a-vis the United States—in engaging in world commerce.

Now, starting from that as a base and translating it into national wealth, if we stimulate traffic from Kitimat we stimulate national wealth. By inference that wealth would not have been created otherwise—by the definition. Once the national wealth has accrued it flows all over the country like quicksilver and

benefits will be found from one boundary of Canada to the other. Therefore, Vancouver Island and the city of Vancouver will receive benefits from Kitimat in common with the rest of Canada. We took that into account when we were figuring.

Q. And you visualize the two growing side by side and not in competition? —A. Quite, sir. I want to make clear that my studies indicate this Kitimat development will damage nobody in Canada.

Q. Mr. Fairweather, what is the position then of getting freight to the ocean? When you have enough traffic, as I understand it, you visualize now to run a more frequent service on the line to Prince Rupert. Will it then be the case that as far as reaching tidewater is concerned it will be as economical and as cheap for the railway to haul it to Kitimat from Vancouver— —A. I would say that coming from a point east of the Rockies there would be very little difference.

Q. What I had in mind there is that I was wondering whether possibly because of some more expensive operation or a more difficult route to maintain, or something of that sort, it might be that freight coming from the east destined to Kitimat would find its way to Vancouver and then be shipped by water up to Kitimat—or do you think it will be the other way around?—A. I may say this to you, sir. The railway does not route traffic. All we do is offer service and we offer service to induce traffic to flow by whatever path it wants to flow. What we do with regard to this traffic we are talking about—import and export traffic—is that we put Vancouver, Prince Rupert and Kitimat on the same competitive basis as any United States port; so that a shipper located anywhere down in the United States, or anywhere where he has an alternative choice, can ship, so far as rates are concerned, to one as effectively as to the other. It is up to him to make the decision. But you see, the railway is only an intermediate carrier. He has also got to make the boat arrangements. We do not make them for him.

Q. Is Kitimat very many railway miles closer to Edmonton than is Vancouver, or are they about the same?—A. I do not think there is an awful difference. I think actually Kitimat is further away.

*By Mr. Green:*

Q. Are you running any boat service into Kitimat—both for passengers and for freight?—A. No, sir, we are not.

Q. Your boats do not call there at all?—A. We do not call there at all.

Q. It seems to me that might be losing some good business—not to run boats in there. Why is it the railway has not taken that step?—A. Well, it has been looked into, sir, and the Canadian National Railway came to the conclusion that the game was not worth the candle.

Mr. ROBINSON: One further question I neglected to ask before. Might it perhaps not be prudent for the railway to obtain more than two acres of freehold land in anticipation of the great development at Kitimat?

The WITNESS: You can take this as a statement of policy. We will reserve enough land in Kitimat to meet our present and future requirements as a railway. We will not own land for speculative industrial developments.

*By Mr. Pouliot:*

Q. Mr. Fairweather, if you permit me, you were in touch with the government of British Columbia with regard to timber products, etc. Did you get in touch with them in regard to the land required for the railways?—A. We have had negotiations with the provincial government.

Q. Yes, on account of the big development that is going to take place. Will you have to buy land or will it be given to you by the government of British Columbia?—A. That is a matter to be decided.

Q. It is not decided yet?—A. Not decided.

Q. Did you talk the matter over with them?—A. It has been discussed.

Q. With the Department of Lands and Forests, probably, but British Columbia has not yet given an answer in spite of the tremendous development that the railway will bring to the province?—A. It is still under negotiation.

Q. You expect an answer soon?—A. We would like to get an answer soon.

Q. Thank you.

*By Mr. Applewhaite:*

Q. I would like to ask the witness one question if I may. I admit that it is not pertinent to this bill but it arises from a statement which he put on the record. You stated, Mr. Fairweather, that in general terms there were only two possible places for a railway to cross the coastal range. One came out in the greater Vancouver and Westminster area, and the other in the Prince Rupert-Kitimat area. Did you not entirely overlook the plan on which Sir Donald Mann was actively engaged in 1912 which would bring the railway out to the head of the Portland canal?—A. I made my statement as my judgment. I do not think that railway out to the head of the Portland canal is feasible.

Q. From a construction point of view?—A. That railway route has been carefully examined and to the best information I have it is not feasible as a main line railway.

Q. Is that from a construction point of view?—A. From a constructional point of view and an operational point of view. Mind you, that is my judgment and I won't attempt to speak for anyone else, but I have made a careful study of the situation.

*By Mr. Green:*

Q. You said the railway would have to go— —A. It has actually to go over a glacier.

Q. No, no, but the Kitimat railway has to go over a 700-foot level?—A. This particular railway, yes.

Q. Is that the highest point above sea level this railway will go?—A. This railway, yes.

Mr. RICHARD: Mr. Chairman, is this discussion confined only to the construction of the proposed railway between Terrace and Kitimat, or are there any witnesses here representing the Aluminum Company to whom questions can be addressed of a general nature. I have some questions to ask if there are any representatives of the Aluminum Company here.

Hon. Mr. CHEVRIER: The question under discussion here is the matter of the railway line between Terrace and Kitimat in British Columbia, but there is a representative of the Aluminum Company here who will, I am sure, answer questions you may wish to ask.

Mr. RICHARD: I represent a constituency which is interested in the production of aluminum. I may say in passing that Shawinigan Falls was built on aluminum production as well as other communities in Quebec, and that company has rendered a grand service. However, in the town of La Tuque, which is located in my constituency, there is also a plant of the Aluminum Company which is closed at the present time. I wish to know the reason why that plant has been closed especially at a time when it is so necessary to give employment to the population in that vicinity and there is a serious need for all the production possible. Are any plans on foot for the reopening of this plant? Is this being given any consideration for the future? Is it a question of the Aluminum Company not being able to agree with the town of La Tuque, or is it that conditions have so changed that it is much easier to manufacture aluminum elsewhere? Will this plant be re-opened to give work to the population of La Tuque?



Hon. Mr. CHEVRIER: I do not think that is a question which has to do with the matter under discussion.

The CHAIRMAN: Shall I call the next witness to answer this question for Mr. Richard?

Mr. WHITESIDE: I wanted to ask Mr. Fairweather one question first, and that is as to the weather conditions—whether boats can go in there the year around or whether the port will be closed part of the year as in the case of Prince Rupert?

The WITNESS: Boats can go in there all the year around.

*By Mr. Darroch:*

Q. I would like to ask Mr. Fairweather a question, Mr. Chairman. Can he tell us whether there will be a highway development in connection with this new town of Kitimat?—A. Undoubtedly there will be highway development in time.

Q. And will that enter the picture from the standpoint of transport competition?—A. Possibly.

The CHAIRMAN: We will now hear Mr. A. W. Whitaker, vice-president of the Aluminum Company of Canada.

**Mr. A. W. Whitaker, Jr., Vice-President and General Manager of the Aluminum Company of Canada Limited, called:**

Hon. Mr. CHEVRIER: The member who just rose, sir, is concerned about the operation of an aluminum plant at La Tuque, in the province of Quebec, where he says the plant is closed down; and he wants to know really whether or not there is any possibility of the plant re-opening. While it is not a question directly relevant to the matter at issue perhaps if you could answer the question it would be helpful.

The WITNESS: Mr. Chairman, Mr. Minister and gentlemen. I am pleased indeed to have this opportunity. If you want my name—A. W. Whitaker, vice-president and general manager of the Aluminum Company of Canada. During this last war when there was a tremendous demand for aluminum we built a plant at La Tuque. At that time there were several additional generators put in by the Shawinigan Water and Power Company with our assistance, one at La Tuque and the other at a power development further up the St. Maurice River. It was not an economical location for an aluminum plant, but we had to build it there because that was the only place where we could get power immediately, and there was not enough aluminum or steel immediately available to build a transmission line from La Tuque to bring power generated there to Shawinigan Falls or Three Rivers. Since the war the demand for power has so increased in the area that there is now no power available for the production of aluminum in La Tuque, nor, in fact, is there any power available for the production of aluminum at Shawinigan Falls, and as a result there is practically no power available to us from those sources after this year. We have been, during the last several years, bringing some power down to Shawinigan Falls from the Saguenay, but after this year all the power that will be used in Shawinigan for the production of aluminum will be brought by transmission line from the Saguenay. To do that, we recently undertook the construction of two additional power developments in the Lake St. John area, one at Chute au Diable and the other at Chute à la Savane. These developments are now under way. The first one we expect will start producing power sometime in July and will be completed probably by late fall, and the other will start producing power, we hope, by December and be completed in

the early part of the spring of 1953. That development of power, together with what we have in the Saguenay will just about take care of our production facilities in the Saguenay, Arvida, Isle Maligne, and the pot lines at Shawinigan Falls.

Even if power were available at a much lower price we could not justify producing aluminum at La Tuque, I am sorry to say, because of the extra haul of the alumina into that area and the extra haul of aluminum out of that area, which makes it economically impossible to re-open that plant. We have explained this matter very thoroughly to the people of La Tuque and we are doing everything we can to help bring industries in there. We have rented parts of the plant to three small concerns, a furniture factory, a knitting mill and a veneer plant. We would like to rent some more of it to other people who can economically justify locating there. Actually the rent we are getting for the use of our plant is not enough to pay the taxes—we make nothing out of it. We hardly make enough to maintain the buildings in proper condition, so it is not an economic development. I trust that answers the honourable member's question.

Hon. Mr. CHEVRIER: You have, very fully. Thank you very much, sir.

The WITNESS: I am sorry I could not speak in French.

The CHAIRMAN: Are there any questions you would like to ask Mr. Whitaker?

*By Mr. Green:*

Q. Mr. Whitaker, can you tell us something about the possibility of other industries coming into Kitimat?—A. Yes, I think I could enlarge on that. We have already made a contract with Canadian Liquid Air to build a plant at Kitimat, a small plant to produce oxygen and acetylene. We, together with the Powell River Company are studying the possibility of pulp and possibly paper production at Kitimat. The reason we are interested is that we want other industries in there up to a certain degree to help carry the burden of this development, this community, particularly, as well as to use some of the power. There are also other studies going on at the present time. I think there is a New York firm of consultants who are studying the possibility of a caustic-chlorine plant at Kitimat. They have inquired as to what the cost of power there would be. The chlorine plant would use between 18 thousand to 20 thousand horsepower, at least in the initial stage. The chlorine, I believe, is to be used in the pulp industry or other related industries, and there is also the development of caustic for use in the pulp and paper industry. At the moment that is about the picture, but I might elaborate on Mr. Fairweather's statement that the Aluminum Company will naturally be glad to consider and make available, at whatever price is deemed proper at the time, power for other industries. We are anxious to develop the community. That is the history of the aluminum industry and has been for many years. We are essentially pioneers. We go into the hinterland and develop power. The production of aluminum requires very low cost power to justify production and to compete in world markets. That has been the history of our operation over the past fifty or sixty years. Our initial development was at Niagara Falls. Then we went to Shawinigan Falls, and then to the Saguenay, and the history of our development has been the same at all those points. Now we are going into the hinterland of British Columbia. As these areas develop—just take the case of Niagara Falls. There is no aluminum industry in Niagara Falls today because power there became so valuable that other industries who could afford to pay more than the Aluminum Company could pay took it over. The same thing is true of Shawinigan Falls. We were the first to contract for power at Shawinigan Falls. That is back in 1900, 1899 to be exact. Our plant there went into operation in 1901. The old plant went out of operation after the war and we built a new

plant, but today we are coming to the point that not only can we not buy the power we need from the Shawinigan Water and Power Company but they are looking to us to sell them power. The whole area is developing, and the same thing will be true of British Columbia. That is characteristic of the whole of the development we made during the wartime, and it was because of the availability of cheaper power that we moved our major operation to the Saguenay, hoping that additional power would be developed at a cost we could afford.

Hon. Mr. CHEVRIER: What is the position now regarding Massena and Niagara Falls?

The WITNESS: Massena, New York, of course is a plant which was built there many years ago and an additional plant was put there by the United States government during the war, but is now owned by Alcoa. For many years they contracted for power from the Cedar Rapids development of the Montreal Light, Heat & Power, from which point they built a transmission line and transmitted power to Massena. I think it was something of the order of 70,000 horsepower.

Hon. Mr. CHEVRIER: That is what I understand.

The WITNESS: Well, they have a long term contract and it is, I would say, a very good contract today. They also develop their own power. It seems that they have a power plant there and built a new power unit, tapping the St. Lawrence at the Long Sault Rapids and discharging into the Grasse River, developing about 70,000 horsepower, so that altogether today they have something of the order of 140,000 or 150,000 horsepower. That is not enough because of the expanded facilities during the war; so a transmission line was built in from central New York tapping the central grid, and today they are using some of that power at a very high cost which, I believe, is being subsidized. But as and when the Seaway goes through and there is more power developed above Cornwall at the International Rapids, no doubt they will be wanting to get some of that power, and they will probably hope to get it at a price which will make it more economical. But there are facilities to produce aluminum there in excess of the power which is presently available at Massena.

Mr. GREEN: To what extent will your raw materials be imported? I understand that alumina is being brought in from the Caribbean. What about the other raw materials required? Are you going to be able to get any of them from British Columbia or from other parts of Canada? What are the sources?

The WITNESS: I will try to give you the picture. In the production of aluminum the principal raw material is alumina, the oxide of aluminum, and that will be shipped from Jamaica. We are building a plant to produce it in Jamaica now, and rather than ship the bauxite from Jamaica, from which alumina is made, we prefer to ship the alumina which requires about half the tonnage of bauxite.

Hon. Mr. CHEVRIER: How will it get up there?

The WITNESS: By boat, of course.

Hon. Mr. CHEVRIER: Via the Panama Canal?

The WITNESS: Yes, via the Panama Canal. And in an emergency—that matter has been brought up before—suppose we had a war emergency where you could not ship to advantage. We point out that the alumina could be shipped from Jamaica to, let us say, New Orleans, and from there railed through the central United States into Canada; therefore this railway connection would be, of course, extremely important in such a case. As a matter of defence, the railway connection is vital.

Of the other raw materials, the principal one is coke for making the electrodes; that is, petroleum coke; and it has to be a very pure material, a very pure form of carbon; and while from the outset we will probably bring

that in from somewhere on the west coast of the United States, we are hoping to be able to use Alberta coke as the oil fields and refineries develop in Alberta or in British Columbia—we have already made contracts for a certain amount of coke there, and right now we are moving it to Arvida; but as soon as these fields develop, we will undoubtedly be shipping petroleum coke from the Edmonton area through and over this rail connection into Kitimat. Then there are materials such as fluoride and cryolite which will probably be shipped direct from the Saguenay by rail, right through to the smelters at Kitimat. The tonnage is relatively small compared with the tonnage of coke.

We use in addition to petroleum coke, either anthracite coke or bituminous coke with which we line our pots or aluminum cells. The tonnage is, of course, much less than that which is used for electrodes; but the probabilities are that we will develop a source of anthracite coal either in British Columbia area or somewhere near the Edmonton area, or near the Banff area that will be moved in by rail. That essentially covers the raw materials, for the process. As to the shipment of metal, that is the actual production from our smelter, it will be aluminum, in ingot form; and these ingots will be shipped we do not know just where. We think that a good part of it will go to the United States, and of that, much will go to the central part of the United States. Probably most of it will go there. Such shipments would normally be shipped by rail because I think it would be easy to see that if you shipped it by boat from Kitimat, let us say, to Seattle or to Portland, and then you had to re-ship and handle it onto rail, and then ship it across the Rockies into the central part of the United States, it would be more costly than a direct movement right from Kitimat by rail. So we anticipate a substantial part of our production will be shipped by rail. Some of the production may be shipped to the Far East; and that would naturally have to go by water. And as Mr. Fairweather pointed out, the boats which carry alumina into Kitimat will have capacity to carry twice the tonnage of metal that is produced at Kitimat; so there will be definitely an incentive there to ship a certain amount by water, and some metal may be shipped even, let us say, to the United Kingdom, although I doubt if there would be too much going that way because we have our smelters in the east which could probably ship more cheaply to the markets of Europe.

*By Mr. Rooney:*

Q. Would it not be possible to use Alberta coal, which is good coking coal, and to put up a coking plant for the purpose?—A. As long as petroleum coke is available at a reasonable price, coke from bituminous coal is not pure enough. We have determined by experiment and research that we can purify such coke up to the point, but it is going to be more costly to do that than to buy pure petroleum coke, as long as it is available. But if we are looking to the future, and if the oil industry should produce less coke, or if the price gets too high, then we have got an ace up our sleeve, in realizing that we can make suitable material; but it would be more costly. It is just a question of economics.

Q. Could you not use Pocahontas coal for coking out there? Would it be of a quality you need?—A. It is still too impure; we have to get the iron and silica content of that coke down to the low hundreds of a per cent; most of those coals will probably run several per cent in impurities.

*By Mr. Pouliot:*

Q. In order to summarize what has been said: there are already four ocean harbours in British Columbia, Vancouver, New Westminster, Victoria, and Prince Rupert. And Kitimat would be a fifth one. Is that right? And you are now going to build your plant for aluminum, and also a power plant. Is that right?—A. That is right.

Q. Mr. Fairweather has spoken about a branch line between Terrace and Kitimat to improve railway facilities; and you have your own arrangements by way of shipping facilities after the railway is built. Is that right?—A. That is right.

Q. Now, Mr. Whitaker, the question of the new railway branch has been discussed; and this question of the highway has been already discussed. Will it be built by your company or by the government of British Columbia?—A. At the present time we are discussing, or have been discussing—I do not think there has been any definite conclusion reached—whereby we will build the highway to government specification from Kitimat to about Lakelse. There is already a highway down from Terrace to Lakelse and the government will contribute about 50 per cent of the cost and we will contribute about 50 per cent.

Q. You will pay one-half of it?—A. We will pay one-half. That is the present basis of our conversation with the government of British Columbia.

Q. And they have not yet given a definite answer?—A. Not to my knowledge.

Q. But they know your case?—A. Oh, yes.

Q. Well, Mr. Whitaker, there is one thing more that has not been spoken of, and it is the wharf facilities at Kitimat. Will you build your own wharves and quays, or will they be built by someone else?—A. We are planning to build our own wharf facilities. They are under construction right now.

Q. Just the same as your plant?—A. That is right, and the wharf facility is only a few hundred yards from the plant. We have already started construction on the facilities by building the rock moles. We have a dredge in there now dredging the area. The wharf where the ships are berthed will be 750 feet long, concrete caisson construction, and back of that wharf we are filling the whole area on which will be located some of our storage buildings supplying the works. Now, the wharf—in the initial stage at least we have planned a transit shed for handling all kinds of materials coming in and going out, shipments to the community, shipments to other industries, freight for shipment over the Canadian National wherever it may be going. At the moment we are not planning to put that transit shed in, but would have other facilities. The wharf, of course, is primarily being built to handle bulk alumina. This bulk alumina will be shipped in bulk and will have to have special and very expensive facilities, something like grain unloading facilities for handling the bulk cargo, and there will also be crane facilities for unloading metal, and the crane for loading metal will be able to discharge other cargo. I might say at the present time we have a temporary wharf in there which is handling coastal steamers, and these coastal steamers are discharging hundreds of tons of cargo, and this temporary wharf will probably be maintained for some time. It will handle coastal vessels when, we will say, the main wharf berths might be occupied.

Q. I have two other questions to ask you. Afterwards I will thank you for your illuminating explanation of your projects. Will you please tell the committee if the Aluminum Company will look after the housing of the men who will be working there?—A. That is a very good question, Mr. Pouliot. We have plans developed. We have spent the past year working with one of the outstanding town planners of North America, together with one of the outstanding town planning groups, and we have now developed a complete plan for the development of Kitimat. In the initial stage we feel that we will probably have to put our own money into the construction of houses and civic facilities and probably schools, hospitals and so forth. We hope, though, as time goes on, that this development will encourage others to come in. On the other hand, we must recognize that whoever does it, the ultimate cost comes primarily on the Aluminum Company. If somebody goes in there and develops

housing and wants to make a killing and charges high rates, the workers will in turn ask for higher wages to pay for that, and that is where we pay. So, in some respects we want to develop the community and we hope it will be one of the finest communities in Canada. If any of you have visited Arvida, you will agree that we have a pretty fine community there. On the other hand, it costs a lot of money but it is our plan to at least start the initial development and probably for this first stage, which is just under 100,000 tons annual capacity of production to put in most of the townsite development.

Q. One last question. Will the production of aluminum in Kitimat affect your production at Arvida?—A. We hope not, but we, of course, cannot read what the future has in store for us. We are optimists on the future of the development of aluminum. We feel that the need for aluminum is expanding tremendously not only for defence but primarily for civilian economy, and we have every hope that not only will this development in Kitimat not interfere with the production facilities in the east, but that the demand will require further expansion in due course, and it is for that reason, gentlemen, that we are planning well beyond the first stage. I think it might be of interest to all of you to know that this power development and practically everything that is being done today, except the installation of the generators and the lining of one penstock is sufficient for the development of at least one million horsepower. The dam itself, of course, is required for the ultimate development. We do not need that dam for the initial stage, but in order to be prepared, in order to look forward to the future we felt it was good business to build the dam now. We are building one 25-foot diameter tunnel through the mountains—two are required for the ultimate development—so that the one tunnel will give us better than half the ultimate development. We are building a transmission line from Kemano to Kitimat, part of which is good for the whole development, the part that goes over the mountain pass, the other is for half the development. So I say with the exception of some generators and the lining of a penstock—a rather relatively small proportion of the total cost—we will have power potentiality there available right from the start equivalent to practically one million horsepower, which is about three times what we are going to need for the initial Kitimat smelter production.

Q. The way I understand it, Mr. Whitaker, is that Arvida is a door open on the east and Kitimat will be a door open on the west. Is that it?—A. That is right.

Q. After having heard you, Mr. Whitaker, I must say that you are quite a miracle man, because you have converted me to your project.

*By Mr. Herridge:*

Q. Mr. Chairman, I would just like to ask one question of Mr. Whitaker, arising out of a question asked by Mr. Pouliot with regard to water frontage. In your arrangement with the provincial government for water frontage what amount of harbour facilities or water frontage will you control and what amount is left for the development of other industries?—A. Well, as I recall, I personally have not been involved in the dealings with the provincial government but by and large we are going to practically have all of that area granted to us. I must say this; that a great deal of this area is worthless because of the Kitimat river and a very substantial part of it has to be reserved for all time for flooding from that river. But there still remains quite a sizable heavy industrial site and I am sure any industrial people who want to go in there will have no difficulty about making suitable arrangements with us. We will be glad to do all we can to encourage them.

*By Mr. Fulton:*

Q. Mr. Whitaker, you heard the discussion with regard to the guarantee or agreement between yourself and the railway to provide a minimum amount of tonnage. Do you anticipate being able to fill that amount of tonnage on your own production and also with the things that you will have to bring in, or do you anticipate that it will be necessary to get some other industries in there to increase the traffic so as to fill that great amount of freight?—A. Well, I am glad you asked that question, Mr. Fulton, because if you will pardon me for expressing some views here I would like to say—and Mr. Fairweather will bear me out on this—that we did not like that guarantee. We finally agreed to it and my boss has given me—I won't say what—

The CHAIRMAN: Hell!

The WITNESS: Hell is right for doing it. I will tell you why. We are a private industry. We are going out there and going to spend millions of dollars. Whose dollars? We are going to have to borrow most of them and we are going to have no guarantee. Nobody is guaranteeing us that they are going to buy our metal; we have faith and hope in the future of Canada and the future of aluminum, and we are going out to do it; and yet we are confronted with the Canadian National Railways asking us to guarantee traffic on this line.

*By Mr. Fulton:*

Q. They are asking you to show charity as well?—A. Yes. So, we finally agreed to it because they said, "That is the only way you are going to get it." And we feel that we really should have it, we felt that it would be helpful in the over-all business to have a rail connection—it is not absolutely vital; we felt it would be good business both for the railroad and ourselves, but we do not like the idea of the guarantee, I must say.

Now, coming to your question. It is hard to say what the future holds. As best we can estimate we believe that there will be enough traffic even in our initial stage to at least break even, as Mr. Fairweather said, pay the cost for the first five years. If our operations increase—and they may well do that; they may even be doubled in that time—then I am very sure there would be no question about it. Also, if other industry comes in, as we hope they will, I would not be a bit surprised if it becomes one of the most profitable moves the Canadian National ever made and that is one reason why we wonder why the Canadian National backed up by the Canadian government should expect us to make a guarantee. Why has not the Canadian government enough faith and hope in the future of British Columbia to take a chance on doing this thing and put it in and say, "We are only too glad to do it"?

*By Mr. Macdonald:*

Q. Mr. Chairman, I do not think it has been brought out exactly, Mr. Whitaker, when you will commence production?—A. Well, I can give you our schedule on that. We are under construction right now. As I said, the wharf is moving ahead and we hope to get the wharf completed by the end of this year or early next year. The plant site is being cleared—has been cleared. They are now filling up the area and it is a tremendous fill required to bring the level of this plant site well up above any possible future flooding area and we will start actual construction of the plant itself within the next few weeks or a month or two. The plans are out there in the hands of the contractor right now. The contractor has been on the ground for over a year clearing the area, building camps and so forth and we expect to have power from our power development not later than April 1, 1954, at which time we expect to have the smelter ready to start production of aluminum. April 1, 1954, is the target date for the first line—second line about June or July, 1954;

in other words, we expect to be producing aluminum at least six months, I take it, before the Canadian National get their line in. I was hoping they would get it in before that because I am sure it would be very helpful to us if we had it there so we could ship a lot of heavy transformers and a lot of heavy materials that have to be shipped in from the east for this job. There is a tremendous amount of material that has to go into that place as well as the construction of it.

*By Mr. Fulton:*

Q. One final question. Your company operates a fleet of its own boats, do they not?—A. That is right.

Q. Do you carry merely your own raw materials or do you always look also for cargoes to come back with when you deliver those materials? Do you operate them as a straight freight line or is it merely for your own purposes?—

A. We have a 100 per cent wholly-owned subsidiary, Saguenay Terminals Limited. They have a fleet, I think, of some ten or twelve vessels of 10,000-ton capacity. They charter anywhere up to fifty or more in a season. While the primary purpose is to handle bauxite from the Caribbean to Arvida, they do engage in a great deal of general freight traffic. Their boats go to Montreal, Quebec, Halifax, and they pick up traffic all over the world. So that they do carry particularly—we bring in bauxite and they try to get all the traffic they can, going from Canada to the Caribbean or South America.

Q. Is that operated on a strictly commercial and competitive basis or is it your practice to have some requirements? After all, you are developing a great new port here. Do you insist in any way that your boats should have preference with respect to picking up cargoes or are they strictly competitive?—A. Strictly competitive, I would say.

Q. You have no regulations or restrictions?—A. Not that I know of.

*By Mr. Green:*

Q. Will your docks accommodate the largest freighters?—A. Oh, yes.

Q. One thing interested me. Why are you putting your power plant inside the mountain?—A. Well, there are at least two or three good reasons for it. One reason would be that the terrain there—they have very steep mountains, and these mountains are subject to snowslides, rockslides and to build a power plant outside the mountain—the valley is very, very narrow at that particular point there is only a matter of 300 or 400 yards—maybe a little more than that, between the mountain and on that side the Kemano river and on this side the Kemano river, and if you put your power plant outside you are liable to have it destroyed by snowslides or rockslides and it would be subject to the flooding of the Kemano river as well. That is one reason.

Another reason was the matter of discussion, shall we say, that with the power-house located well back into the mountains it is immune from any possible attack and that we have emphasized on a number of occasions. Occasionally we have studied both, and the cost of putting it in the mountain is practically the same as outside—maybe, if anything, a little cheaper. It would be impossible—I would not say impossible, but it would be impractical to bring pen-stocks down, the outside of the mountain, as you see in certain developments. We feel because of the heavy snows and the possibility of slides that that would be a costly and dangerous thing to do. We bring the pen-stocks down inside the mountains.

Now, once you bring them down inside the mountain it seems logical to put the power station inside the mountain. That has been done on a smaller scale in Italy and Switzerland and it seems like a very practical thing to do, and our consulting engineers were very much in favour of it.



Q. How long is your tunnel?—A. The main tunnel from Tahtsa lake is just along here through the mountain and is about ten miles, and that tunnel is on a hydraulic gradient which means there is practically no fall to it except the natural fall, so there will be no pressure created except that in the tunnel. Then it drops on a steep angle for twenty-six feet into the power-house so that we have a 2,650-foot elevation between the source of water supply and the tail-race, the tail-race elevation being about 200 feet above the Gardner canal where the Kemano river discharges.

For that reason, because of the height the amount of water required to develop 1,600,000 horsepower is relatively small—only some 5,000 or 6,000 second feet, so if there are any members here who have concern about what this development will do to some other rivers, we are not going to be taking very much water out of the whole system once it is established. It is only a matter of 5,000 or 6,000 second feet for the full development.

*By Mr. Nixon:*

Q. I wonder, Mr. Whitaker, whether you could tell us the approximate number of employees you will require?—A. Yes, for the initial stage of 91,500 net tons of production which is what we are planning to put in right now, we estimate approximately 1,100 employees in the works and the wharf area, and the whole operation there—1,100 employees.

The ultimate development which we visualize as 500,000 or 550,000 net tons would require some 5,000 to 6,000 employees and if you figure out the average—once the thing gets established the average number of people to employees or families, it is estimated that the initial stage would have a population of some 6,000 to 8,000 including the employees of the services that are required but not including any other industries.

Mr. CARTER: I wonder if I might ask one question. When Mr. Whitaker was answering Mr. Green's question about the source of raw materials, I did not quite hear where the fluorspar was coming from. I wonder if you would make that clear?

The WITNESS: At the present time the fluorspar comes from our mines in Newfoundland. We take that fluorspar to Arvida where it is converted and purified.

Are you from Newfoundland?

Mr. CARTER: That is right. I was just wondering whether your development would affect the development of the fluorspar mines in Newfoundland which happen to be in my own riding?

The WITNESS: Well, it won't affect them adversely anyway. Probably for the time being and for some time it will likely increase production of fluorspar at St. Lawrence. Of course, as time goes on, if we were fortunate to find some fluorspar out in British Columbia, convenient like, we might in time want to utilize it—but that would involve quite a process of development.

We do not use fluorspar or only small amounts of it directly, as fluorspar has to be converted to aluminum fluoride by an expensive and technical process.

The CHAIRMAN: Gentlemen, it is now one o'clock.

Mr. MACDONALD: Mr. Chairman, a number of members here are quite busy with other committees and may I suggest that you do not see the clock and that we get down to discussing the bill. Probably a few more minutes and we can consider and adopt the bill.

The CHAIRMAN: Is that agreed?

Agreed.

Clause 1.

Shall clause 1 carry?

Carried.

Clause 2?

Carried.

Clause 3?

Carried.

Clause 4?

4. Subject to the provisions of this Act and the approval of the Governor in Council, the Company may, in respect of the cost of the construction and completion of the railway line, or to provide amounts required for the repayment of loans made under section five, issue notes, obligations, bonds, debentures or other securities (in this Act called "securities"), not exceeding in the aggregate, exclusive of any securities issued to secure loans made under section five, the sum of ten million dollars, bearing such rates of interest and subject to such other terms and conditions as the Governor in Council may approve.

Mr. GREEN: Mr. Chairman, on clause 4 is this not different phraseology to that in the similar section of the Lynn Lake bill. Could one of the C.N.R. officials explain why there is that difference?

Mr. ROSEVEAR: The wording is different in this respect. In section 4, the fourth line these words are inserted: "...to provide amounts required for the repayment of loans made under section five, ...". That is a bit different from the Lynn Lake bill. This amendment is instead of subsection 2 of section 5 of the Lynn Lake bill and it is not the language of the Financial Guarantee Act, particularly Act No. 2 which was passed at the last session of parliament.

The Department of Justice and the C.N.R. legal officers feel that the change in the wording makes it much clearer. In other words, the Governor in Council may provide for the cost of construction and completion of the railway, or he may provide amounts required for the replacement of loans made under section 5. We felt that we were putting it so much clearer than it was in the Lynn Lake bill. Now, the other amendment I think is found on page 2 of the bill. The words which I mentioned before are inserted, "exclusive of any securities issued to secure for loans made under section 5"; I explained the meaning of that; that is, we do not wish to have included in the issue of securities under section 4 any securities which we issued to the government because the purpose of borrowing from the public is to repay the government the temporary loan we obtained from them; so, when we say we have authority to issue securities to the extent of \$10 million, we exclude from that the securities we issue to the government. You will find, Mr. Chairman, that that is the precise language used in the Financing and Guarantee Acts, number 1 and number 2 for 1951. Have I made that clear?

Mr. GREEN: There seemed to be a similar situation in the Lynn Lake line.

Mr. ROSEVEAR: Yes. May I just say this, that we feel that the Lynn Lake bill was satisfactory; that is to say, that it could be construed in the same way; but you know how sometimes lawyers like to streamline things; and it was thought that this was a much clearer way to phrase it than what we had in the Lynn Lake bill.

Mr. GREEN: If you refer to the subsection, I think it was subsection 2 of section 5, of the Lynn Lake bill; "Definitive securities may be issued, not exceeding \$10 million dollars, and guaranteed under the provisions of this Act to repay loans made under subsection one, or any part thereof." Now, why is that not done in the Kitimat bill?

Mr. ROSEVEAR: Now, that subsection is provided for in the first part of this clause where we say, "to provide amounts required for the repayment of loans made under section 5"; that is in place of that. Now, in the case of

the Lynn lake line, in subsection 2 of section 5, we inserted the same thing into subsection 4 in the fourth line "or to provide for payment in whole or in part" et cetera; in other words, we eliminated a subsection from it.

Mr. GREEN: I cannot understand lawyers shortening the bill.

The CHAIRMAN: Shall the clause carry?

Carried.

Clause 5?

Carried.

Clause 6?

Carried.

Clause 7?

Carried.

Clause 8?

Carried.

Clause 9:

9. The Company is not required to fence the right of way of the railway line and is not liable in damages by reason only of the absence of fencing.

Mr. GREEN: Mr. Chairman, on clause 9, this is a provision which says that the company is not required to fence the right of way of the railway line and it is not liable in damages by reason only of the absence of fencing. In the Lynn lake line bill you will see a similar section was included and until amended also included station grounds; and the argument was made then in support of a section of this kind that there would be no cows grazing along the Lynn lake line and therefore it was not necessary for the railway to protect the right of way. We have just had evidence this morning that there is quite a big farming territory around Terrace, a very good farming area and there is also a large summer resort country on the way down through Kitimat. Why is it necessary for the C.N.R. to include a provision of this kind in this bill in what is going to be more or less settled country; certainly, there is no question that it is going to be built, at least in part, through settled territory.

Mr. ROSEVEAR: Well, Mr. Chairman, the cost of fencing is very high and the company thought that this being a sparsely populated area that we should not have the obligation to fence. If that provision is not there we have the obligation to fence; on the other hand, if you consider that it should be there I do not think that we would see any objection to it. I do not wish to be unfair about it; but nevertheless we would like to be relieved of an obligation to fence a line going through a sparsely populated area.

Mr. GREEN: Would you not in fact use your own judgment, and where there was a settlement you would find it wise to fence anyway; certainly it is only fair to the people who live adjacent to the railway that the line should be fenced. I think in this case that the section should be deleted, Mr. Chairman, and I so move.

Hon. Mr. CHEVRIER: In view of the attitude of the witness I think perhaps we should leave the section in, Mr. Green, because we did so in the former bill, and from the understanding I have it was in a far more isolated territory than this will be; and the witness indicated, I think, that while there was agricultural land, yet at the moment it was only agricultural land which was available for development.

Mr. GREEN: No. There are farms at Terrace.

Hon. Mr. CHEVRIER: I do not think we should remove this section. It was given careful consideration by those who drafted the bill and it is in the other bills, and I would rather see it in there.

Mr. FULTON: There are other railway lines in British Columbia which go through areas far less likely to be settled than this area, and yet the railway has the obligation to fence. Moreover, the witness said that the railway company did not have any rigid or rooted objection to being required to fence. I would hope, therefore, that the minister would reconsider the matter because I think it would be fairer to all concerned if they fenced.

Hon. Mr. CHEVRIER: This question was raised in the same manner in which it is being raised now on the other bill, and we took the decision at that time that when the occasion arose for the necessity of fencing, then the railway would consider doing so; but until the population was such that fencing was necessary, it would not be included in the bill, and, moreover, the witness said that it is going to be a matter of substantial cost to the railway. I hope that the British Columbia members will not insist on it, because, after all, it is a small matter and it certainly does not go to the meat of this bill.

The CHAIRMAN: Shall the schedule carry?

Carried.

Shall the preamble carry?

Carried.

Shall the title carry?

Carried.

Shall the bill carry?

Carried.

Shall I report the bill?

Carried.

Now I wish on behalf of the committee to thank Mr. Fairweather and Mr. Whitaker for the splendid presentation they have given us today. The meeting is adjourned.

The committee adjourned.

## EVIDENCE

MAY 15, 1952,  
11:00 a.m.

The CHAIRMAN: Order, gentlemen. We are going to discuss bill 193, An Act respecting The New Westminster Harbour Commissioners. We have Mr. K. K. Reid, who is chairman of the New Westminster Harbour Commission, with us this morning. Are there any questions you would like to ask him?

Mr. K. K. Reid, Chairman, New Westminster Harbour Commission, called:

Mr. GREEN: Possibly it would be helpful, Mr. Chairman, if Mr. Reid would make a statement.

Hon. Mr. CHEVRIER: The gentleman is available.

The WITNESS: Mr. Chairman, first I wish to thank you very much for the opportunity to be heard and for calling this meeting to discuss the bill so we can get away back home as soon as possible.

Now, Mr. Chairman, this bill is divided into two parts. The first part deals with the extension of the harbour east from the present New Westminster harbour boundary. We have prepared a map. If you would like to follow it, it might be easier to explain.

Now, Mr. Chairman, this extension as you will notice on the map is from the east end of Douglas Island, that is at the mouth of the Pitt River. It is in heavy black type together with our present harbour limits. It is at the junction of the Pitt river and the Fraser and there is a line across there, that is our present limit. Now, the extension asked for is the Pitt river east for a distance of 15.8 miles to Pitt lake; and then on the Fraser a distance of 8.7 miles to Kanaka creek. The reason for this extension is for two purposes: the main thing, is that whatever happens in the portion of the harbour affects our own harbour, the main harbour in New Westminster. It is used at the present time for log booming, fairly well taken up with the booming of logs. A great portion of it is under lease, and a portion of it is not under lease, but is used and is not under control as it should be. Then, in the winter, when the ice up the river comes down on the slack tide in the cool part of the day or night it will freeze and then it jams up our harbour and we have difficulty in keeping it open. We have a great many calls and requests from the up river portion for assistance to keep the river open. We think that we can handle it better by having it controlled.

The other reason is that when the Six Harbour agreement came into effect in 1924 by an arrangement between the provincial and the dominion government, this portion that we are asking to take in was reserved from the railway belt at that time to be later included in the New Westminster harbour.

Mr. GREEN: Did that apply to the Pitt river or the Fraser?

The WITNESS: To both of them. They were both in the railway belt, both on portions of the railway belt reserved for inclusion in the harbour later; and then, above that, the river is controlled by the provincial government. This portion that the federal government has control of at the present time is handled by the Department of Transport; previously it was Mines and Resources and later on Resources and Development, and turned over to us for operation.

Mr. GREEN: That is both rivers, is it?

The WITNESS: Both of them. They were both in the railway belt, a portion of both rivers, yes. By virtue of its being under dominion control it came under these departments. I think that is the explanation as far as that part of the bill is concerned. If there are any questions I shall be glad to answer to them.

The other portion of the bill deals with a loan of \$1,250,000 to build additional docks in New Westminster. We only have one dock there that handles general cargo, and that is privately owned. Our business is increasing considerably. For instance, during the war, of course, it got very low; but following the war, in 1945 we had 176 ships enter the port during the year; last year we had 394; this year, up to date, that is up to the day before yesterday, we had 159 ships; 138 for the 4 months; and for the first 13 days of this month 21 ships came into the harbour; so that our business is increasing, and with the development of the main land it is coming along quite fast.

We have had various requests from shipping agents asking for additional space so they can send their ships in. As you know, we are a fresh water port and they like to come in. I have a letter here on file where one of our operators in the city, since the first of the year said that he had turned away 7 ships because we did not have berths to accommodate them. That is the reason for the request for additional dockage. We believe that with the things that are in the offing and the inquiries we have that there will be a great deal more business and new berthage will be required. We feel that the only way we can meet that will be by having additional berths. This loan will provide 1,500 feet, suitable for berthing three ships; and this is on the north side of the river within the city limits where the water is deep. The piles will be in 50 foot water, will not require any dredging; and the location is just below the bridge.

*By Mr. Riley:*

Q. Is that one pier likely to take care of your requirements?—A. For the time being the three berths will handle it. We are looking to the future in an endeavour to meet their requirements. Nobody knows what will happen, but it is a beginning anyhow to take care of the situation.

The CHAIRMAN: Are there any questions with regard to that?

*By Mr. Green:*

Q. About the boundary, Mr. Reid; your harbour boundary now is at the mouth of the Pitt river?—A. At the mouth of the river. The line is across right at the mouth there, across the Pitt and across the Fraser.

Q. And you are asking to extend it up to— —A. Kanaka creek on the main river.

Q. Kanaka creek on the Fraser and up the Pitt river to Pitt lake?—A. That is right.

Q. And the Fraser is navigable up to Kanaka creek?—A. Not for deep sea ships. With very little work it could be made navigable.

Q. You said that it came under the jurisdiction of the provincial government above Kanaka creek. The Fraser at one time was navigable right up to Yale. I would think that it would come under the jurisdiction of the Canadian government for quite a long way past Kanaka creek?—A. I am speaking of the foreshore. It is under the dominion government for the control of navigation.

*By Mr. Murray:*

Q. Would the Fraser not be navigable up to Lytton? I understand it was at one time.—A. Not for deep sea ships.

Q. But steam boats, river boats, did go up as far as Lytton?—A. Yes.

Q. It is a tremendously valuable river?—A. Yes.

Hon. Mr. CHEVRIER: What is the depth of the Pitt river up to Pitt lake?

The WITNESS: Probably 10 feet of water there.

Mr. GREEN: That is navigable all the way?

The WITNESS: Yes, it is navigable for small craft.

*By Mr. Green:*

Q. What will be the effect of your taking control of the Pitt river, for example in so far as the people using the Pitt river are concerned. I imagine it will be used for booming and there will be other traffic?—A. Yes, and there is a lot of fishing. We could not interfere with navigation, just the water lots on the foreshore, that is all we are interested in.

Q. Would you be able to charge fees?—A. We do not charge fees; we only charge foreshore rentals, yes. They are charged at the present time.

Q. Who collects them at the present time?—A. The Department of Transport.

Q. Then the revenue from these foreshore leases, whatever they are, will be switched from the Department of Transport to New Westminster Harbour Commissions?—A. Yes.

Q. Have you any improvements in mind for the Pitt river?—A. They are only taking care of leases and supervising the storage of logs and the use of the foreshore that is leased.

Q. Are you intending to install any improvements in the way of storage booming grounds, or things of that type? It seem to me if you take over the jurisdiction of the river there you would collect the fees and you would then be responsible for seeing that there are proper booming grounds and piling and that sort of thing?—A. That is the intent, yes. There is a certain amount of piling there now. That has been driven as the tenant wanted it; but he has to have supervision so that he keeps within bounds with respect to the lease.

Q. Who has been doing that piling in the past?—A. The lessee.

Q. The lessee put them there himself?—A. And they are supposed, under the Navigable Water Protection Act, to get permission to drive any piles.

Q. Do the people who are using that river now know that the New Westminster Harbour Commission have taken it over?—A. They know that we have been administering it for a short time now, following a request to us from the Department of Transport. We were asked to administer it for them for the last few months; and we have had discussions with a great many of them and they are quite agreeable to it because they feel that they have closer touch with us to assist them in their difficulties.

Q. You have had no objections from anybody concerned?—A. None whatever.

Q. What about the municipalities? I see that there are several municipalities affected; for instance, the city of Port Coquitlam, the municipality of Pitt Meadows and the municipality of Maple Ridge. Have they raised any question about it?—A. They have raised no objection. You take the situation of Port Coquitlam, a portion of that is in the harbour at the present time as it comes down below the mouth of the Pitt river, so the municipality of Port Coquitlam is included.

Q. Mr. Reid, you said something about ice and I noticed that the eastern members of the committee pricked up their ears when you mentioned that. I am afraid you are going to give our west coast harbours a black eye if you do not explain your remark.—A. As I explained, this ice that we have there for short spells is ice that forms up the river.

Q. How far up?—A. Do you mean how far down? I suppose that is what you mean.

Q. Yes, how far down?—A. Because that is where it affects us. The ice is made up the river, and we have had it right down to the mouth of the Pitt river—both the Pitt and the Fraser—and once or twice we have had it in our harbour.

Q. But that is very seldom?—A. Very seldom.

Q. There is not a very serious situation; I mean, the ice, the ice problem is a very minor problem, is it not?—A. It is not, as far as our harbour is concerned, because where it freezes above and comes down and breaks up when the tide goes down, when the tide is slack on the turn, it will freeze solid and then we have solid ice and that is our greatest problem.

Hon. Mr. CHEVRIER: Does it ever freeze to impede navigation?

The WITNESS: Above our present limits, yes. Two years ago we had mills which had to be closed down up around Hammond.

Hon. Mr. CHEVRIER: Does the whole surface freeze?

The WITNESS: The whole surface, yes.

Mr. GREEN: For how long?

The WITNESS: A couple of weeks.

Mr. MURRAY: But the further you get into the mountains the less tendency there is for ice to form? New Westminster is an ice free port.

The WITNESS: Oh, yes, it is open the year round.

Hon. Mr. CHEVRIER: Mr. Green wanted to make sure that the situation there is in no way comparable to the St. Lawrence. If you want to get that across, I concede it immediately.

The CHAIRMAN: I think the climate is changing. I think the maritime provinces are having finer weather now and I think it has been colder in the west.

Any further questions?

*By Mr. Green:*

Q. What loans are there outstanding at the present time?—A. We have two loans from the government—on the elevator building which is located in Surrey, across the river from New Westminster, in the inner harbour, which was built in 1929. The loans are \$700,000, which was a bond issue; and since then, refinanced by the government also, advances by the government of \$274,000, making \$974,000 in all.

Q. That is all owing to the government?—A. That is owing to the government?

Q. What rate of interest is charged?—A. The \$700,000 is at 3½ per cent and the \$274,000 is 2½ per cent.

Q. Have your payments been kept up?—A. Payments have been kept up, up to date. They are always kept up, except that during the war when shipping was slack; but since then we have paid up all arrears, so that our interest at present is paid up to date.

Q. What are the arrangements with the city about this area where you are to build docks?—A. On building the docks? That area was quit claimed to the city a good many years ago at the time when the city raised by bond debenture \$500,000 to construct the docks in front of the city property. They approached the government at that time and got a quit claim—got a Crown grant for the fore shore rights.

Q. Was that before the establishment of the New Westminster Harbour Commission?—A. That was at the time of the establishment of it. Then, following that, they built certain docks and wharves and it is where they left off that we are beginning now for these three berths. It is above what is known as



dock 3B, which is the upper berth. We are going to extend from where they finished—on up with our three berths—where there is rail connection; and so it will be necessary for the city to turn that property back to the Crown before we can build our docks on it.

Q. In other words, the city is going to transfer those water lots on which the dock will be built back to the dominion. Is that right? Or will they be transferred to the New Westminster Harbour Commission?—A. To the Crown—because the Crown are lending the harbours board the money and we operate directly under the Department of Transport. So, in order to have security, the property should be in the name of the Crown.

Q. Is the plan then that the water lots will be transferred to the Crown to be held by way of security for this loan?—A. I take it.

Hon. Mr. CHEVRIER: As I understand it, the schedule at the back of the bill contains those water lots.

Mr. GREEN: But there is nothing in the bill, Mr. Minister, to indicate those water lots are being transferred by the city of New Westminster to the Crown?

Hon. Mr. CHEVRIER: There is no necessity for that being in there. This bill is simply for the purpose of authorizing the loan, and the Department of Finance is taking guarantee on the lands referred to in the schedules.

If you will look at clause 2 of the bill you will see that: "...may make loans ...out of the consolidated revenue fund of amounts not exceeding...one million two hundred and fifty thousand dollars as may be required ...for..." the following purposes: "...construction...on any or all of the lands more particularly described in the schedule to this Act."

And the schedule to this Act contains the water lots on which the dockage facilities are going to be built.

Mr. GREEN: That merely says land as may be required for the purpose of building docks, but it does not indicate that the lots are to be taken by the Crown as security for the loan—which apparently is the case.

Hon. Mr. CHEVRIER: Well, it is dealt with in the same manner as the lots now owned by the Department of Transport in the Pitt river that are being assigned from the Crown to the harbour commission.

I think the same thing will appertain with reference to the water lots. The Crown will take security, whether it will be by way of mortgage or debenture, I do not know, but the Department of Finance is proceeding on that basis.

Mr. GREEN: Then, Mr. Reid, there is to be a city by-law in connection with this bill. Can you explain what that will be—or should Alderman Gifford do that?

The WITNESS: Well, Alderman Gifford is chairman of the harbour committee of the city council and it might be well for him to explain that.

Mr. J. S. GIFFORD (Chairman, Harbour Committee, New Westminster city council): In order to turn this property over to the Crown it will be necessary to submit a by-law to the people. I might say that I represent a unanimous council here and we do not anticipate any trouble with the by-law. Our citizens are very progressive minded.

Mr. GREEN: The by-law will approve of the transfer of these water lots from the city of New Westminster to the Crown?

Mr. GIFFORD: That is correct.

*By Mr. Green:*

Q. And then, when this loan is paid off, will be lots be transferred back to the city or will they go to the harbour commission?—A. That is a matter that has not been worked out, but I would take it when the loan is paid off—

that would be a matter of arrangement between the city and the harbour board as to what disposition should be made of them. They work very close together in this and the city and the harbour board co-operate in every way.

Q. Oh, yes, and you have an appointee of the council on the harbour commission?—A. Yes. Our commission is made of three appointees, two by the federal government and one by the city of New Westminster, so the council has direct representation on it.

Q. Mr. Reid, have you any further plans in mind for expansion of the port?—A. Well, we have property just below the city in what is known as Robson island, but I do not think it shows on that map. It is owned by the harbour board but this development where we are making it now is more suitable for immediate development than the other property—and it will be for future development.

Q. You have trackage both for the Canadian National and the Canadian Pacific, and also, I suppose, the Great Northern?—A. Yes, the Great Northern and the B.C. Electric. It is very suitable for all of them. We have had it checked.

*By Mr. Murray:*

Q. Might I ask the witness if any provision is made in this plan for a terminal for the Canadian National Railways at a point near the harbour? At present I understand the Canadian National enters Vancouver over rented rails, rented from the Great Northern Railway. There is great congestion at their terminal in the heart of Vancouver, and I would ask the witness if it would not be feasible to lay out a proper modern passenger terminal beside the Fraser river, some place near Sea island airport, convenient to Vancouver, New Westminster and Burnaby, and the other centres of population?—A. In answer to Mr. Murray, as far as these docks are concerned they would not be suitable. These are more freight docks for handling freight. They are not suitable as a passenger centre. You mention Sea island, and of course Sea island is not in our harbour. It is in the Fraser—in the mouth of the north arm.

Q. But it is convenient to the metropolitan areas and New Westminster?—A. Oh, yes.

Q. It occurs to me that it is high time that a modern terminal should be established there for that great city which must, considering all the suburbs, have half a million people around that area we are discussing this morning. The Canadian National should be represented in any plan which is being worked out there?—A. Well, we are always willing to assist in any way we can. If the Canadian National were interested in coming into the city and making a terminus there we would certainly do anything we could to find a place for it.

Mr. GREEN: You are not trying to take them away from Vancouver?

The WITNESS: I could hardly say that.

Mr. MURRAY: The plan would be to serve the great city of Vancouver, New Westminster, convenient upon the lower lands facing upon the north Fraser proper or the Fraser harbour proper.

The CHAIRMAN: Are there any more questions?

*By Mr. Riley:*

Q. I would like to ask Mr. Reid a couple of questions. How many piers do you say you presently have?—A. We have twelve docks.

Q. How many ships can they accommodate at one time—normally?—A. Twelve.

Q. Twelve ships—one to a pier?—A. When you say “pier” one dock has provision for four ships and one has provision for two. If you mean piers, when I said twelve, I meant accommodation for twelve ships.

Mr. GREEN: Berths for twelve ships?

The WITNESS: That is right.

*By Mr. Riley:*

Q. What was the number of ships you had there last year?—A. 394.

Q. During the year there was evidence of the traffic volume being greater than the facilities could take care of?—A. That is correct.

Q. Were there many days when you had ships lying in mid-stream waiting for berths?—A. The odd time.

Q. Can you tell us how many occurrences you had like that?—A. I could not say that. Every once in a while a ship would have to anchor and wait for a berth.

Q. How many ships would you have lying off at one time?—A. One or two.

Q. What would be the gross tonnage going through Westminster last year—roughly?

Hon. Mr. CHEVRIER: I have it here. The number of arrivals, 394; total tonnage, 936,320.

Mr. RILEY: Incoming and outgoing?

Hon. Mr. CHEVRIER: This is in and out, yes.

Mr. RILEY: What is the estimated value?

Hon. Mr. CHEVRIER: Pardon me, those are deep sea vessels only. For coast vessels there were 1,924 arrivals with a total tonnage of 2,120,000 tons—in and out.

Mr. GREEN: A very substantial port. They do a big business.

Hon. Mr. CHEVRIER: Oh, yes, it compares favourably with many other ports in Canada—without mentioning them.

Mr. MOTT: For instance St. John, eh?

Mr. RILEY: I was not going to introduce that, Mr. Reid. In our part of the country we envy you, the facilities you have there already. We are not able to accommodate our traffic.

I was going to ask the estimated value of all of your holdings there in New Westminster?

The WITNESS: I would say in the neighbourhood of \$2,000,000.00.

Hon. Mr. CHEVRIER: That just pays for one elevator down at St. John.

Mr. RILEY: That is right.

Have you taken any extraordinary measures or has the city taken any extraordinary measures in co-ordination with the harbour board or the harbour commissions for protection of the property against fire?

The WITNESS: You mean city fire?

Hon. Mr. CHEVRIER: No, fire to your own property?

The WITNESS: Oh, yes. They have a fire boat on the river and then we have our own city fire department. It is a very efficient department.

*By Mr. Riley:*

Q. Does the city have a fire boat?—A. Yes.

Q. Do you pay part of the upkeep of that fire boat?—A. Not yet. The city takes care of that—that is how they co-operate with us.

Hon. Mr. CHEVRIER: That was a good answer.

The CHAIRMAN: If there are no further questions shall clause 1 of the bill carry?

Carried.

Clause 2?

Carried.

Clause 3?

Carried.

Clause 4?

Carried.

Clause 5?

Carried.

Does the schedule carry?

Carried.

Shall the preamble carry?

Carried.

Shall the title carry?

Carried.

Shall the bill carry?

Carried.

*By Mr. Green:*

Q. There is one question I would like to ask Mr. Reid. You mentioned \$2 million as the value of the harbour facilities. Does that include the Pacific Coast terminal?—A. No, that is privately owned.

Q. How much is that worth?—A. I have not seen their statement lately and to hazard a guess I would say it is probably a \$2 million or \$2½ million investment.

Mr. RILEY: There are a lot of privately owned structures?

The WITNESS: All privately owned but the docks—just those are ours.

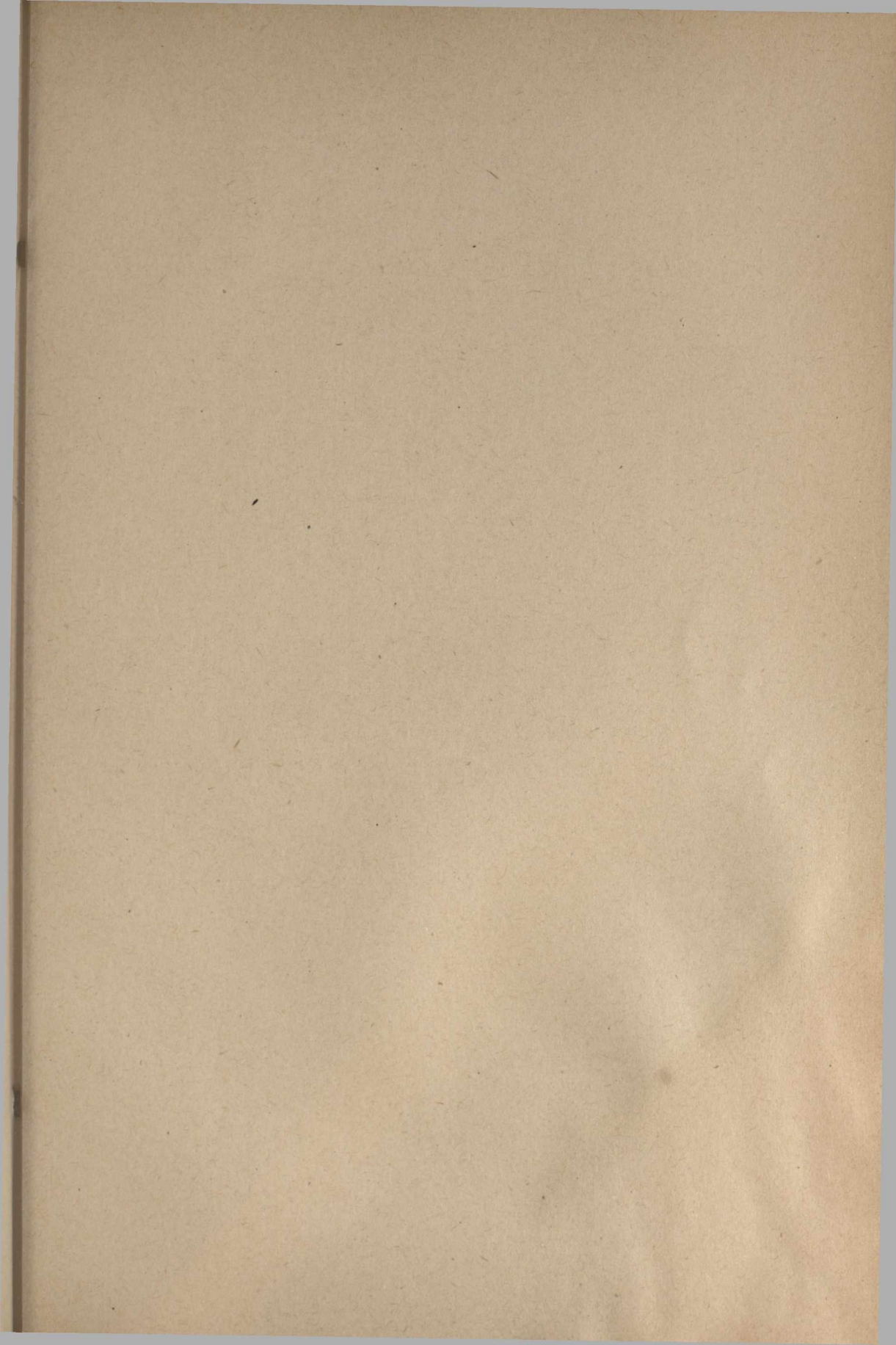
Mr. RILEY: That is why the city provides the fire boat.

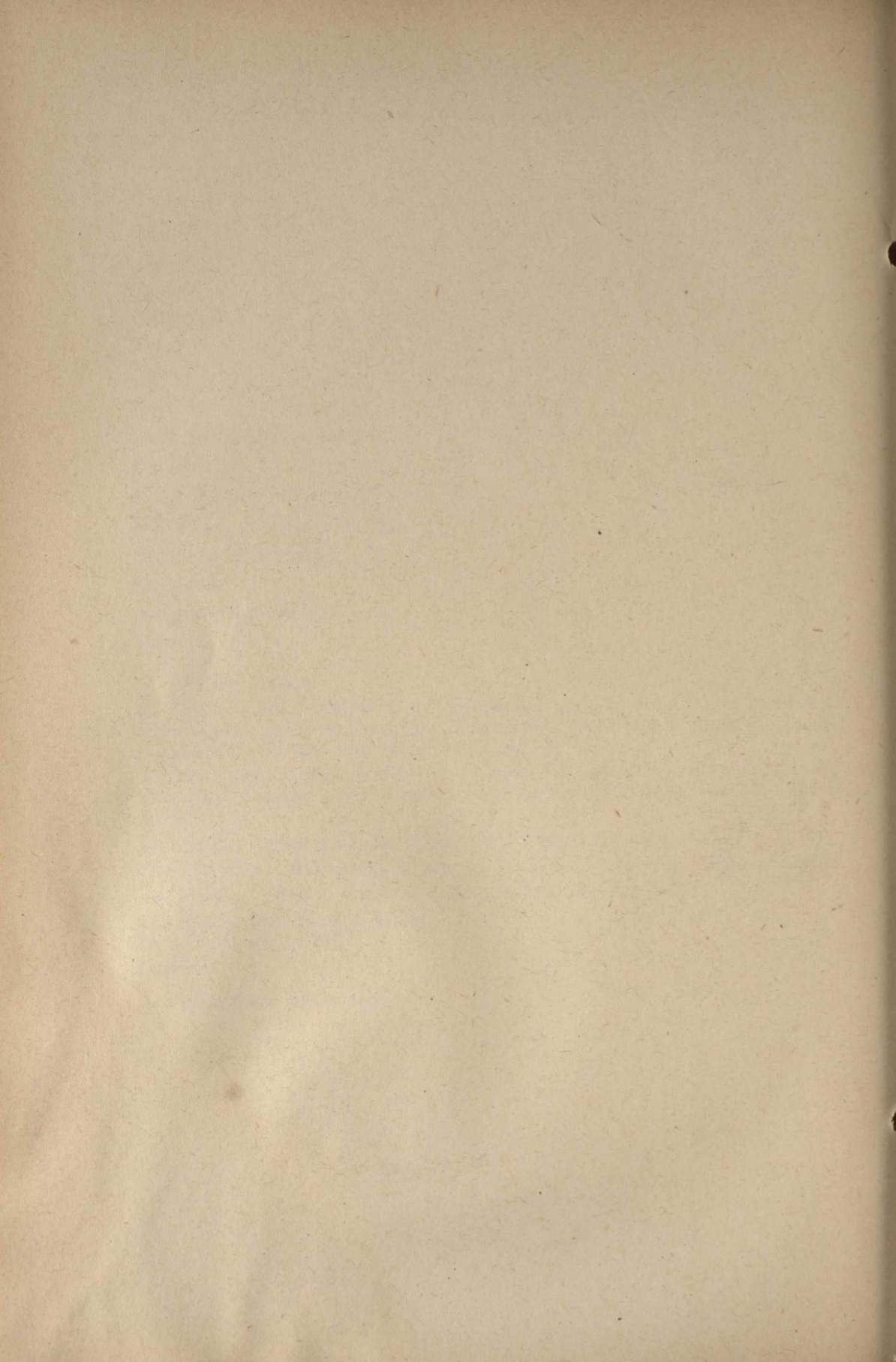
The CHAIRMAN: Order, order.

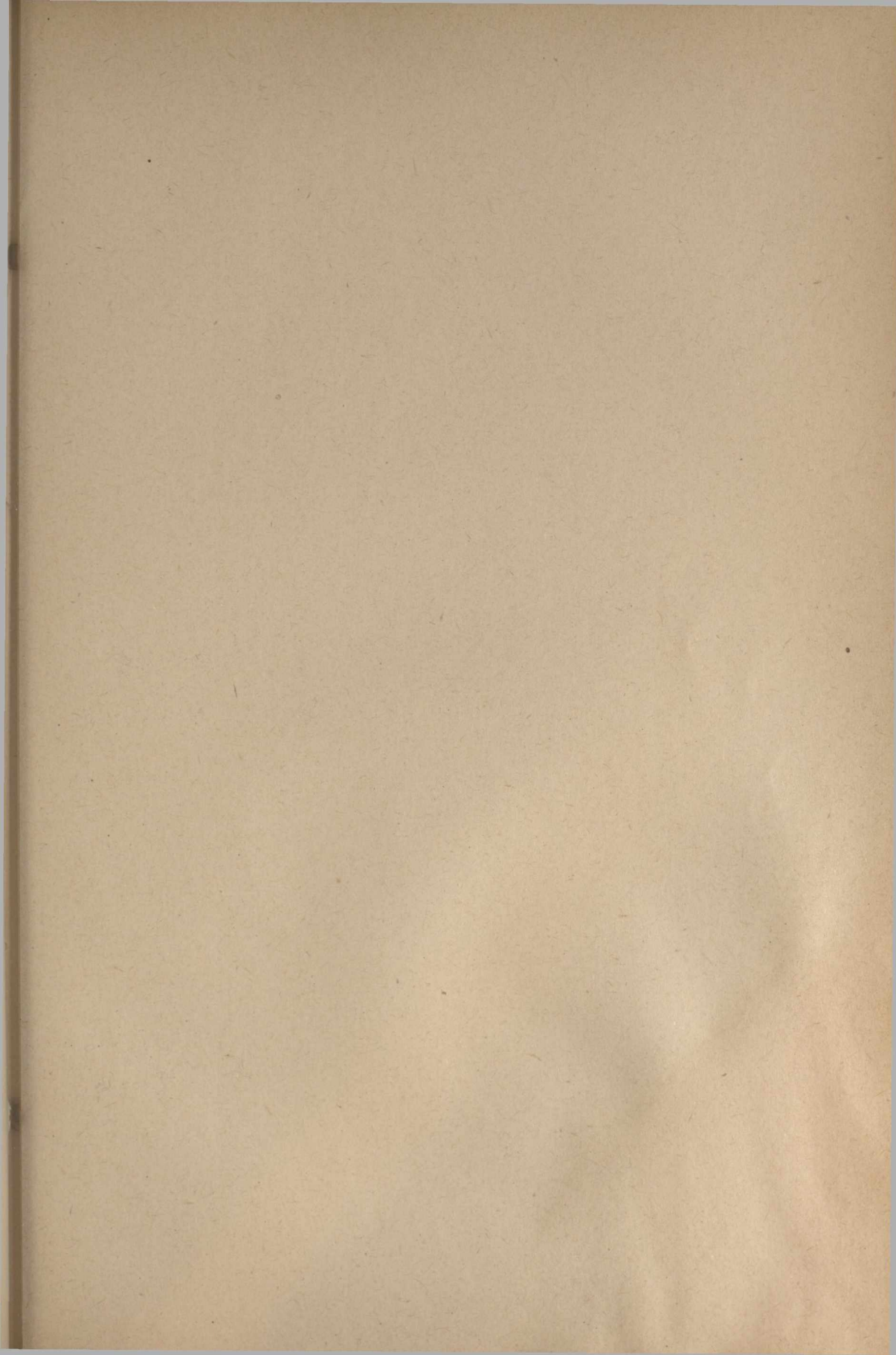
Shall I report the bill?

Carried.

The committee adjourned.

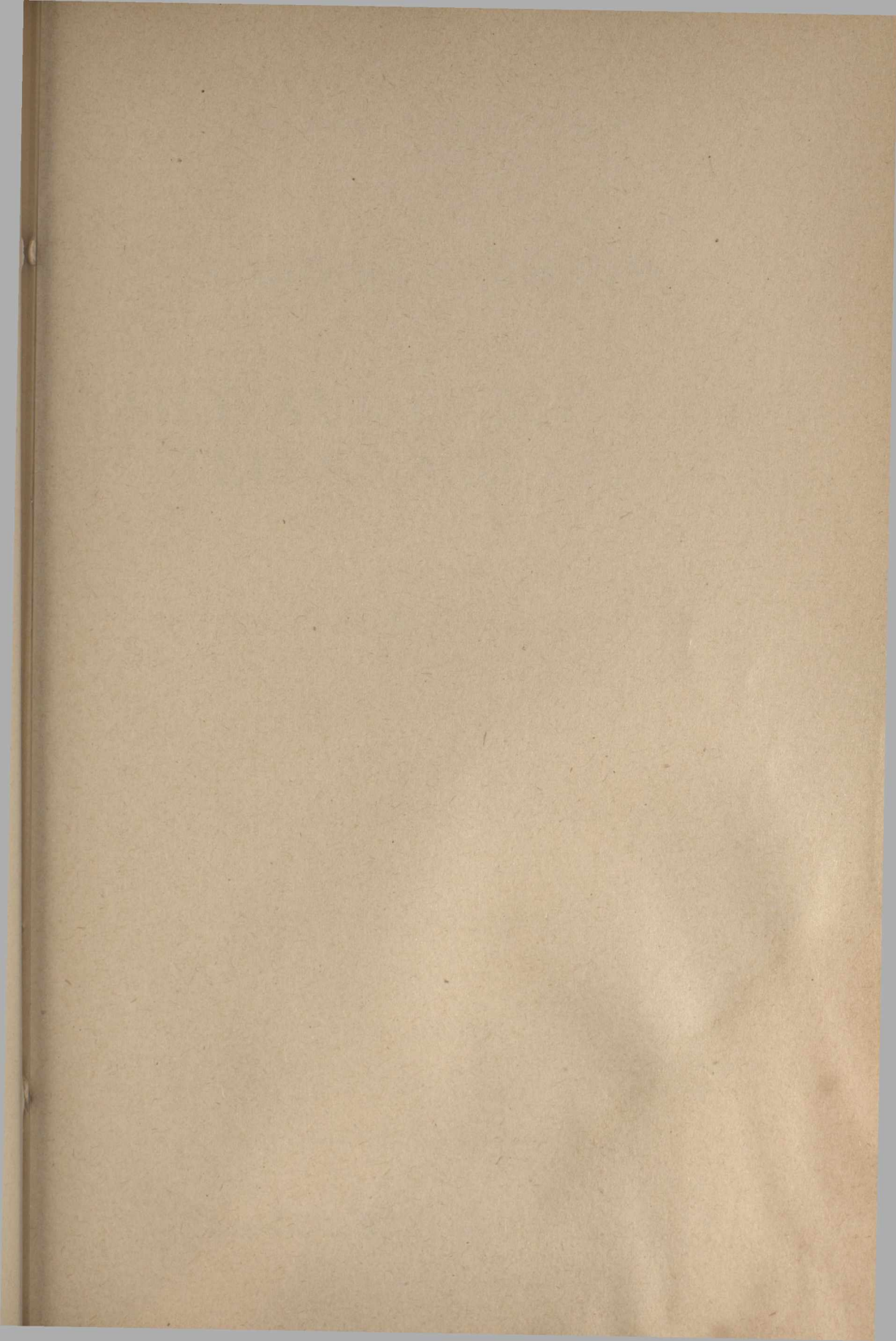


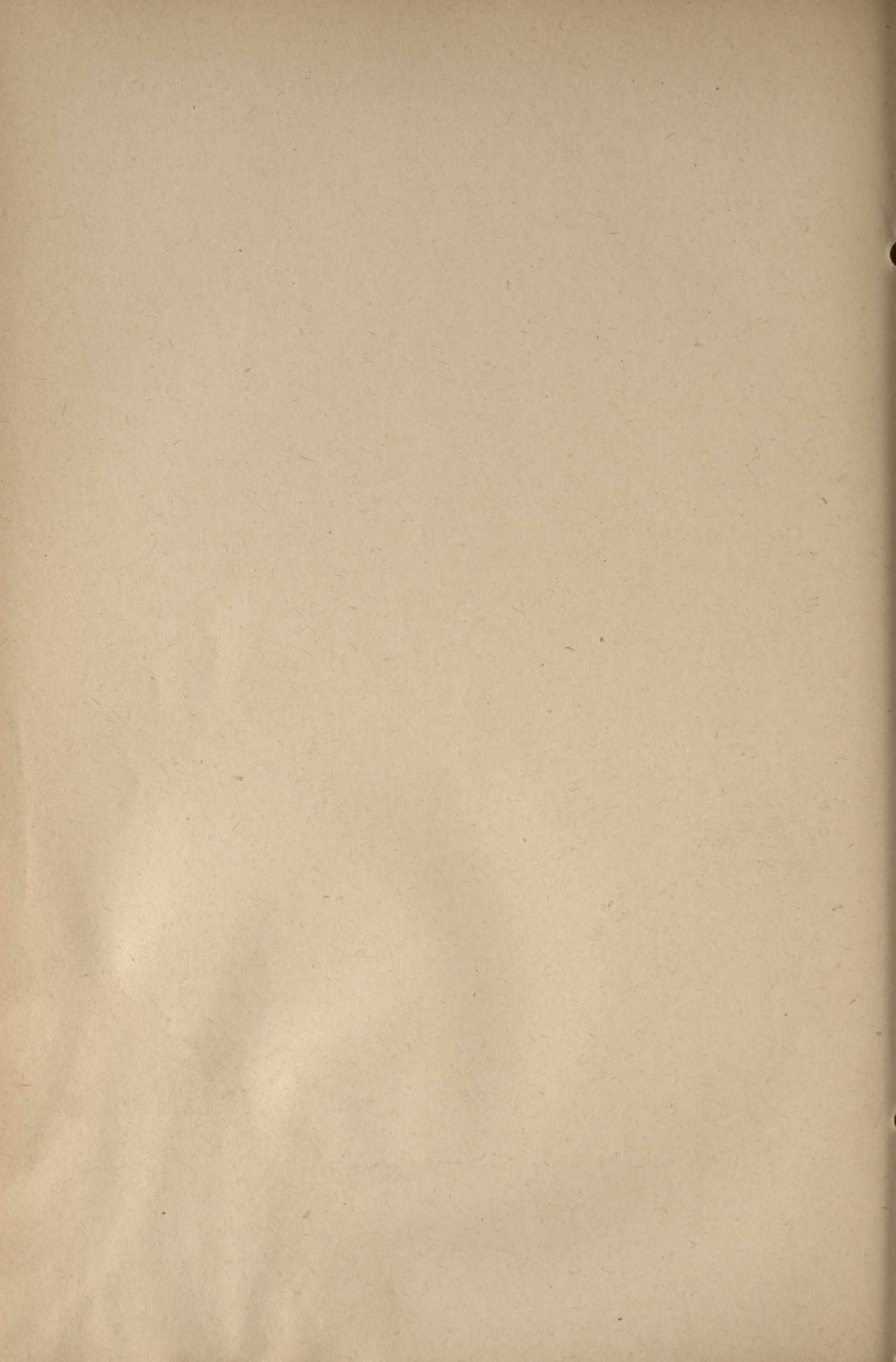












HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament

1952

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND  
TELEGRAPH LINES

*Chairman: H. B. McCULLOCH, ESQ.*

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

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BILL 194

An Act to amend the Aeronautics Act

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MONDAY, MAY 26, 1952

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WITNESSES:

Mr. W. J. Matthews, Q.C., Director, Administration and Legal Services,  
and Mr. J. R. K. Main, Assistant Controller of Civil Aviation, Department of Transport.

Mr. J. R. Baldwin, Chairman, Air Transport Board.



## ORDERS OF REFERENCE

TUESDAY, May 20, 1952.

*Ordered*,—That the following Bill be referred to the said Committee:  
Bill No. 194, An Act to amend the Aeronautics Act.

THURSDAY, May 22, 1952.

*Ordered*,—That the name of Mr. Graydon be substituted for that of Mr. Higgins on the said Committee.

FRIDAY, May 23, 1952.

*Ordered*,—That the following Bill be referred to the said Committee:  
Bill No. 239 (Letter R-6 of the Senate), intitled: "An Act respecting The Burrard Inlet Tunnel and Bridge Company".

Attest.

LEON J. RAYMOND,  
*Clerk of the House.*

## REPORT TO THE HOUSE

MONDAY, May 26, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

### SIXTH REPORT

Your Committee has considered Bill 194, An Act to amend the Aeronautics Act, and has agreed to report the said Bill with an amendment.

A copy of the evidence taken is appended hereto.

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*



## MINUTES OF PROCEEDINGS

MONDAY, May 26, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11 o'clock a.m., the Chairman, Mr. H. B. McCulloch, presiding.

*Members present:* Messrs. Browne (*St. John's West*), Carroll, Carter, Chevrier, Dewar, Fulton, Gillis, Graydon, Green, Herridge, Macdonald (*Edmonton East*), MacNaught, McCulloch, Mott, Murray (*Cariboo*), Mutch, Nickle, Noseworthy, Pouliot, Rooney, Stuart (*Charlotte*).

*In attendance:* Mr. W. J. Matthews, Q.C., Director, Administration and Legal Services, and Mr. J. R. K. Main, Assistant Controller of Civil Aviation, Department of Transport; Mr. J. R. Baldwin, Chairman, Air Transport Board.

The Committee proceeded to consideration of Bill No. 194, An Act to amend the Aeronautics Act.

Messrs. Baldwin, Matthews and Main were called and questioned.

Subclause (1) of clause one was adopted.

Mr. Green moved that the proposed subsection (8) of section four of the *Aeronautics Act* be amended by striking out all the words after the word *property* in line 12 thereof and substituting therefor the words *as a result of the regulation*.

After discussion, and the question having been put on the said motion, it was negatived.

Mr. Graydon moved that the proposed subsection (8) of section four of the said Act be amended by the insertion of the word *directly* between the words *is* and *attributable* in line 14 thereof.

After discussion, and the question having been put on the said motion, it was negatived.

On motion of Mr. Mott, it was agreed that the proposed subsection (9) of the said section four be amended by the deletion of the words *one year* in line 18 thereof and the substitution therefor of the words *two years*.

Subclause (2) of clause one, as amended, the preamble and the title were adopted.

The Bill was adopted and the Chairman ordered to report it to the House.

At 12.55 o'clock p.m. the Committee adjourned to the call of the Chair.

A. L. BURGESS,  
Clerk of the Committee.





## EVIDENCE

MAY 26, 1952.  
11.00 a.m.

The CHAIRMAN: Gentlemen, we have a quorum, and we are on Bill No. 194, an Act to amend the Aeronautics Act.

Hon. Mr. CHEVRIER: We have here this morning Mr. John R. Baldwin, chairman of the Air Transport Board and with him Mr. Ken Main and Mr. W. J. Matthews.

The CHAIRMAN: Section 1?

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. (1) Subsection one of section four of the *Aeronautics Act*, chapter three of the Revised Statutes of Canada, 1927, is amended by adding thereto the following paragraph:—

(j) the height, use and location of buildings, structures and objects, including objects of natural growth, situated on lands adjacent to or in the vicinity of airports, for purposes relating to navigation of aircraft and use and operation of airports, and including, for such purposes, regulations restricting, regulating or prohibiting the doing of anything or the suffering of anything to be done on any such lands, or the construction or use of any such building, structure or object.

(2) Section four of the said Act is further amended by adding thereto the following subsections:

“(5) In addition to any other mode of publication prescribed by law, a copy of every regulation made under the authority of paragraph (j) of subsection one (in this section called a “zoning regulation”) shall be published in two successive issues of at least two newspapers serving the area wherein the airport in relation to which the regulation was made is situated.

(6) A plan and description of the lands affected by a zoning regulation shall be signed and deposited in the same manner as a plan and description is by subsection one of section nine of the *Expropriation Act* required to be signed and deposited, and a copy of the regulation shall be deposited with the plan and description.

(7) Where a regulation deposited as required by subsection six is amended, a copy of the amendment shall be deposited in the same office where the regulation amended thereby was deposited, but a further plan and description need not be deposited unless additional lands are affected by the amendment.

(8) Every person whose property is injuriously affected by the operation of a zoning regulation is entitled to recover from Her Majesty, as compensation, the amount, if any, by which the property was decreased in value by the enactment of the regulation, minus an amount equal to any increase in the value of the property that occurred after the claimant became the owner thereof and is attributable to the airport.

(9) No proceedings to recover any compensation to which a person may be entitled under subsection eight by reason of the operation of a zoning regulation shall be brought except within one year after a copy of the regulation was deposited pursuant to subsection six or seven."

Mr. MACDONALD: Mr. Chairman, with respect to Bill No. 194 providing certain restrictions within an airport area, I know that the minister is very conversant with the situation as it affects the municipal airport located within the city limits of the city of Edmonton. The city has always collaborated with the Department of Transport officials in connection with all new construction relative to this airport and I believe these regulations are urgently necessary in all airport locations; but I do not think they are very much different from the restrictions which the city of Edmonton has been observing for the past several years.

I think I am interpreting the wishes of the residents of the city of Edmonton when I say they are of the opinion that the municipal airport in Edmonton should be moved from its present location just as soon as possible. They also feel that the costs of such removal should be borne by the federal government because the aircraft facilities are more or less a national requirement rather than a local necessity. This zoning will be helpful and we appreciate that with the defence requirements at the present time the minister has given some good consideration to representations that have been made to him from time to time with regard to Edmonton municipal airport, but we feel that no matter what is done, whether it is zoning or whether they change the location of the runways or whatever action is taken with regard to this airport, eventually it has got to be relocated. When that time comes I sincerely trust the minister will give every consideration to facilitating the removal of this airport from its present location to a location outside the city limits or to some location where some relief will be given to the anxiety of the people of Edmonton with regard to aircraft taking off and landing in their midst—in the centre of the city.

Mr. CARROLL: Did the dominion government supply any funds for the location of that?

Mr. MACDONALD: At the present time there have been representations made to the government with regard to the facilities at the Edmonton municipal airport. Military aircraft, while they are bringing Namao up to standard are using the facilities of the Edmonton municipal airport. I understand that the minister or the government has informed the city authorities that they will move the military flying to Namao just as soon as facilities are provided; but I would like to ask the minister, Mr. Chairman, to give consideration in planning for facilities at the airport, zoning restrictions and otherwise, to the eventual movement and relocation of the Edmonton municipal airport to another location.

Hon. Mr. CHEVRIER: I can tell Mr. Macdonald that we did give it careful consideration and we still are. We did hope at one time that it might be possible to move the airport to Namao but National Defence has indicated that they need that airport for their own purposes and are not willing to relinquish it. That means that if we were to move it we would have to conduct a survey to locate another site; and we have not done that up until now. We feel that if all military operations at the Edmonton airport were to be moved to Namao the position would be considerably relieved, and I do not think there would be the same necessity for movement; and it was with that end in view that we asked National Defence to review its position to see if it could not move the traffic to Namao. I understand that is being done gradually so I can assure you that we have the problem very much before us. In fact, one of the officers who is giving evidence today was the district controller at

Edmonton for a long time. He knows the area, he knows the circumstances, and I am sure will lead us to consider with sympathy any of the points that are brought up.

Mr. MACDONALD: Just one further question at the moment. These zoning regulations are going to also embody the Namao base? They apply there too?

Hon. Mr. CHEVRIER: Well, I think gradually we may have to apply them there. The intention is first of all to apply them to the main transcontinental airports and, of course, the main military airports.

Mr. MACDONALD: Would you consider Namao a main military airport?

Hon. Mr. CHEVRIER: Yes.

Mr. MURRAY: Would the minister say that the Edmonton airport was unsafe?

Hon. Mr. CHEVRIER: Oh, I would not say that.

Mr. MURRAY: For 'planes to land on? Or is it likely to be?

Hon. Mr. CHEVRIER: No, I would not say that.

Mr. MURRAY: It is one of the best in the whole country?

Hon. Mr. CHEVRIER: It is an excellent airport.

Mr. MURRAY: A great international airport where they take off for Asia, the United States, and elsewhere. Surely it would not be a very expensive business to impose the regulations on that air field?

Hon. Mr. CHEVRIER: We do not think it would be, but as I indicated in the House each airport has to be considered by itself, and it may be that the application of these three restrictions to certain airports will mean no expenditure of funds at all. It is pretty difficult to ascertain until an examination has been made. We have dealt with two or three major airports but we have not gone over all airports to which we think these regulations or restrictions should apply.

Mr. MOTT: Mr. Chairman, I think this is a step in the right direction. However, there is one thing I do not understand here in regard to this bill. We are just speaking of airports on land. Now, would this have anything to do with zoning on water? There are places where we have seaplanes landing and the hazards there have been terrific. People have been able to put up more hazards in the way and yet there is no zoning mentioned here for seaplanes.

Hon. Mr. CHEVRIER: Well, an airport as I understand it includes a seaport for aircraft but the zoning would hardly apply to a seaport unless there were buildings within the 150 foot limit I referred to earlier. In so far as the approaches to the base are concerned there would be no contravention I would think, or I cannot imagine any contravention of the regulations in so far as they concern the flight ways and the sides of the airways.

Mr. MOTT: The point I am coming to is this, and I have had some experience with something similar. On the Fraser river we were trying to keep a certain section clear more or less for a private landing. When they had the big Cansos landing on the river all of a sudden the power company came along and put lines across. We found that we could not stop them because there was no zoning. They just put the power lines across and they cut out any seaplane landing there at all. That has happened and there is nothing in this bill that would correct it.

Hon. Mr. CHEVRIER: Perhaps we could have counsel give evidence on that or Mr. Baldwin. I am informed it is covered by the bill.

Mr. GREEN: Could we have a general statement?

Hon. Mr. CHEVRIER: I think Mr. Baldwin would do that.

**Mr. W. J. Baldwin, Chairman, Air Transport Board, called:**

The WITNESS: In order to show how the zoning itself would work at a typical airport we have prepared a three-dimensional plan centred on Dorval—which we thought would be the simplest method of showing what the zoning meant in effect. You will see from that that there are three sloping lines or surfaces imposed in the zoning. The first is a horizontal plane which is imposed around the whole airport at a height of 150 feet, centred about the centre of the airport—a radius of 13,000 feet. That is represented by the yellow surface.

Mr. GREEN: How many thousand feet?

The WITNESS: 13,000 feet—that is a little over 2 miles.

The CHAIRMAN: From the centre?

The WITNESS: From a point selected as the centre of the airport.

Mr. GREEN: Between 2 and 3 miles?

The WITNESS: That is right—about  $2\frac{1}{2}$  miles.

This may vary from airport to airport. Then any runway used for instrument flying is zoned on the basis of a quadrilateral which is 1,200 feet at the end of the landing point and 4,000 feet in width 10,000 feet out from the runway. The zone line there is a sloping surface which goes up 1 foot for every 50 feet you go outward from the end of the runway. That is represented by the blue faces on the chart, the sloping faces running out from the end of each runway.

Finally, to provide for a relationship between the blue, the yellow, a sloping line represented by red is provided which goes up from the side of the runway or approachway on a ratio of 1 foot upward for every 7 feet outward and sideways from the end of the runway or approachway until it coincides with the yellow plane. This is the standard system of zoning that is recommended by the International Civil Aviation Organization and it is the basis on which it is intended to work in regard to each Canadian airport. There may well be certain modifications—in other words at some airports we may have only two or four blue surfaces instead of six, depending on the runway pattern of instrument flightways. Basically, this would be what is intended.

Mr. GREEN: How does that compare with the zoning regulations which were in effect during the war?

The WITNESS: Mr. Main, the assistant controller of civil aviation could answer that I think.

Mr. MAIN: They are very similar, sir, except that during the war the approach ways were parallel. You will notice that these flares at the slope are the same; but we did not have 13,000 foot planes, consequently the approaching ways were parallel instead of flaring out. Otherwise, they were substantially the same.

*By Mr. Browne:*

Q. That blue plane extends 10,000 feet beyond the curtain?—A. No, beyond the end of the runway.

Q. What do you call that?—A. It is where the pavement ends.

Q. Can you point to a place which would be designated as the end of the runway?—A. The black mark represents the pavement, and you start your blue from there.

Q. How much beyond the 13,000 foot radius would it be?—A. It would vary, according to the position of the runways in each airport; in some cases it might go slightly beyond, while in other cases it might not go as far as 13,000 feet.

Hon. Mr. CHEVRIER: In this case I take it that it does not go beyond it. Three of the runways at Dorval are that way, and in the case of two of them it does go beyond.

*By Mr. Graydon:*

Q. Is this zoning program intended to cover airports which are known as ILS?—A. Primarily, yes; the intention is to protect airports which are used for instrument flying.

Q. What about the ILS airports in the United States? Are they zoned on anything like a similar basis to which you propose to zone the ILS ports here?—A. Yes. The legislative background is somewhat different, however, due to their different constitutional basis; but the outcome is similar.

Q. Will their zoning regulations be on a completely similar pattern right across the country, or are they governed by state laws?—A. It is governed by state and municipal laws. The civil aeronautic authority in Washington, however, are attempting to do their very best to achieve a uniform pattern in co-operation with the states and municipalities.

Q. That means there will be some difference in the pattern followed in the United States, whereas in Canada we will follow the same pattern right across the country?—A. Yes, that is fundamentally correct.

*By Hon. Mr. Chevrier:*

Q. Are not the regulations which you have outlined the same as those which were approved by ICAO?—A. Yes.

Q. Is not the United States bound by that same pattern?—A. They are recommended practices rather than imposed regulations.

*By Mr. Graydon:*

Q. On that question of United States air fields, will there be air fields in the United States which will have less restrictive zoning regulations than our air fields?—A. It is possible, sir, that there might be U.S. air fields which would have no zoning restrictions on them.

Q. You say it is possible that there might be air fields which would have no zoning restrictions on them?—A. Yes.

Q. Well then, aircraft operating as they do internationally across the border may find themselves in varied conditions, in so far as landing is concerned.

Mr. GILLIS: Is this not an attempt to prevent what happened in the United States? There they established airports 10 years ago and then the cities extended and went into the airport, practically with the result that in the United States in the last few months they have had planes dumped into residential sections rather than into airports. Is this not an attempt now—and I think a proper one—to give authority to the minister to prevent the expansion of the population too close to the airports, something which would create a hazard of planes coming in and destroying houses and so on? I think it is a very good one regardless of what happened in the United States, and I think we have got to try to protect our own air fields and get the necessary authority to do so.

Hon. Mr. CHEVRIER: I think it is; and if one should go around Malton, Dorval, or the Edmonton air strips, he will see immediately how industrial and other buildings are moving around the airports. So if we move quickly enough, we can do this at a fairly reasonable cost to the country; but if we wait and wait, we might find ourselves in difficulties.

Mr. NOSEWORTHY: Are there many of our airports now around which buildings have been built too closely, and where expropriation will have to be made?

Hon. Mr. CHEVRIER: I think I explained in the House that on the first zoning area, the one represented by the yellow horizontal plane, there would be no buildings which would have to come down at Malton and Dorval; and while I could not speak about every airport, I think, a fortiori it would apply to the other airports.

Mr. MAIN: So far as the department is concerned, we are not aware of any place, with the possible exception of one building at Vancouver, a school, which is above this 13,000 foot plane. At Vancouver there are two airports, a water and a land port, and I think it will be necessary to place the center of the 13,000 foot angle in such a position that no buildings will obtrude above the 13,000 foot plane.

*By Mr. Pouliot:*

Q. In Winnipeg the airport is near the centre of the city, is it not?—  
A. Somewhat.

Q. Is it not very near?—A. Part of it is within the municipality.

Mr. MACDONALD: In view of Mr. Main's statement, am I to understand that in the city of Edmonton there is no existing structure that is going to be affected by this re-zoning?

Mr. MAIN: I am not aware of any.

Mr. POULIOT: We know very well that in Winnipeg the airport is not very far from the centre of the city.

Hon. Mr. CHEVRIER: It would be more than  $2\frac{1}{2}$  miles, and these restrictions on the horizontal planes apply within the radius of  $2\frac{1}{2}$  miles.

Mr. DEWAR: I know, because I just came from there.

The WITNESS: Right from the Canadian National hotel, right down town.

Mr. POULIOT: How far would that be from the station?

The WITNESS: The station is not very far from there.

Mr. MAIN: I do not know of any buildings at Winnipeg which stick up above into the 13,000 foot plane. I am reasonably sure of that. I do not know of any buildings at Winnipeg which do not comply with the restrictions imposed.

Mr. GREEN: What would happen where there is a building, such as the school which you mentioned, which is too high?

Mr. MAIN: The international requirements would call upon us to light that school. It occasionally happens that there are natural objects such as mountains and so on which obtrude above the plane, and with which you cannot do anything except to light them. Therefore the only thing to do is to light them or mark them. But the international regulations also suggest that in so far as new buildings are concerned, they should not be permitted to go up above that plane.

Mr. GREEN: The regulations will only apply to new buildings and not to any existing buildings?

Mr. MAIN: So far as the slope is concerned, it is not expected that anything will stick up above that slope.

Hon. Mr. CHEVRIER: Any existing buildings would be expropriated in the ordinary course, and these regulations would apply to the future.

Mr. GRAYDON: Have you made any allowance in connection with your slope for the new aerial jets? Will there be a difference in respect to the slope in connection with the taking off and landing where jet planes are concerned?

Mr. MAIN: So far as civil aircraft are concerned, it does not appear at the present time that any change will be necessary with the fifty to one slope. However, I believe that in the case of some military aircraft it may be necessary to make it somewhat flatter.

Mr. GREEN: Would that not alter your whole picture? I would think that most airports in Canada would have to be such that military planes could use them.

Mr. MAIN: Not necessarily. In respect to some military airports, the military themselves are asking for flatter slopes, and I believe they intend to confine their aircraft which have certain take-off characteristics to certain airports.

Mr. GRAYDON: What is the difference, technically, in the angle of a propeller plane take-off, and that of a jet, generally speaking? What is the difference in the angle?

Mr. MAIN: So far as civil aircraft are concerned, there is none. The taking-off characteristics with the approved load are very similar. However, the jets or the pressurized aircraft—and all jets will be pressurized—can come down a little faster. They can put on their flaps and come down at a very steep angle; so that their approach may be at a little less angle. But the take-off is very similar, with the approved load. That will vary, of course, with the load.

*By Mr. Green:*

Q. May we have an explanation with respect to the compensation provisions?

Mr. MATTHEWS: Mr. Chairman, the compensation provisions are set out in sub-clause 8, which reads as follows:

(8) Every person whose property is injuriously affected by the operation of a zoning regulation is entitled to recover from Her Majesty, as compensation, the amount, if any, by which the property was decreased in value by the enactment of the regulation, minus an amount equal to any decrease in the value of the property that occurred after the claimant became the owner thereof and is attributable to the airport.

The principle followed there is to compensate anyone whose property is injuriously affected by reason of the operation of the regulations. That follows the principle of the Expropriation Act and provides for compensation. There is also the principle that if the property is increased in value by reason of the airport, the compensation to the owner is reduced by the amount of such increase in value. I think that is all there is to the compensation provision.

Mr. GREEN: What worried me was this: Judge Carroll will know more about it than I do.

Mr. CARROLL: Oh no!

Mr. GREEN: As I understand it, the normal provisions for expropriation, that is, for expropriating land, are that the Court would take into consideration any increase in the value brought about by reason of the construction of the airport. But in this case, this particular section, you are not compensated for the land. In other words, you are not taking the land over; however, you are putting restrictions on the land and it seems to me that is completely different damage to damage which would result from the taking over of the land itself. And yet, you are applying against that damage what increase value may have been caused to the land by the installation of the airport. I do not see how you could correlate the two. That is what bothers me. For example, damage by reason of these regulations may be, say \$1,000, and yet the land might be worth \$50,000 and the benefit to the land by reason of the airport may be \$10,000; well, under those figures, then the owner could get absolutely no compensation.

Mr. GRAYDON: He might owe the government money before he is finished.

Mr. GREEN: He may not get any compensation for that matter and yet his use of the land there is restricted; because of this wording, under that section he could get nothing. It does not seem to me that that is fair. I would like to know how the officials interpret that.

Mr. MATTHEWS: That is a principle of the Exchequer Court Act respecting property expropriation. If there has been any increase in value through the construction of public works that all has to be taken into account.

Mr. GREEN: Yes, where you really are expropriating land. I could understand that if you have taken over a building, but here you are not expropriating a building at all; and you are putting a blight on the land by bringing it under regulations which cut the value of the land; and I think you are taking away from this damage something that has no relation to the damage that is caused by the regulations. I do not think that the two fit in. That is what is bothering me.

Mr. GILLIS: You are compensating him for his original investment, isn't that it?

Mr. GREEN: No.

Hon. Mr. CHEVRIER: In the first place, let me deal with the details of this. In the first place there could not arise a case where a claimant would owe the government any money. It is ridiculous to even suggest that.

Mr. GREEN: I did not even suggest it.

Mr. GRAYDON: But I did.

Hon. Mr. CHEVRIER: Let me say to my friend then that I do not think that point is well taken, because it would not be compensation. Now then, there are a number of cases which could arise under this legislation. I can think of two that are fairly clear in connection with this enactment. One is a farmer with agricultural land who has nothing at all in the way of buildings, no buildings on this land, and who suddenly finds that there is an easement over his property because of this legislation, the easement being 1,000 feet above the land—it might be 200 feet, I don't know—it would depend on each individual airport; but assume that there are no buildings on this man's land; under this legislation he might get some compensation if the government or the crown should take an easement under restricted area two, or under restricted area three. And now, how would the Exchequer Court go about measuring the value of this navigation right? I like to call it that because I think it is an easement, an aerial easement? I don't know, but they put "X" dollars on it. And they would perhaps take the property and apply the portion of the value by which the property had increased and reduce it over the navigation right. I do not know what it would come to, but that is one case that I can visualize.

Mr. CARROLL: I will take another case, Mr. Chairman. Suppose you find that the gentleman who had to do with case finds that in a certain airport area there is a building too high; would not the department have the right to order the destruction of that building or part of it?

Hon. Mr. CHEVRIER: Yes, but that would be quite a different principle.

Mr. CARROLL: I know.

Hon. Mr. CHEVRIER: Yes, that would be simple expropriation to which the ordinary rule of expropriation would apply. If they could not agree they go to the Exchequer Court.

Mr. GREEN: Here is your farm case. In the case of the farmer, he would be caught by this restriction in subsection 8, I think, because if he had, say \$1,000 damage by reason of the restrictions, then the way the section is worded the court would have to go back and find out whether or not his farm had been increased in value by reason of the airport, and if it had been increased in value, then they would deduct that increase from the \$1,000 for the air restriction.



Hon. Mr. CHEVRIER: No, they would deduct the proportion, I would think, the proportion that relates to the size of the easement. They would not deduct the value of the whole farm, because if they did that, then in some cases you would have the farmer owing the government money.

Mr. GREEN: Even if they insisted on deducting a proportion, I do not think the two are on the same level. I think they are two entirely different things and you are applying an arbitrary ruling. There is another very unfair feature about it which is that if the owner of that farm happened to have bought it after the airport was established then he is not affected by this reduction because it says, "the claimant became the owner thereof after." In other words, if a man happened to have bought that farm two years ago and the airport was put in ten years ago, then the farmer would not have his damages cut down; but if he is a man who has had that farm for 20 years then he does have his damages cut down. I think you are unnecessarily tying the hands of the Exchequer Court judge. I should think it would be wiser simply to leave it to the court to say what the damage is and work out the principle.

Mr. GILLIS: You are getting it still more complicated.

Mr. GREEN: I think it is restricted in this section.

Mr. GILLIS: We have now, closer than  $2\frac{1}{2}$  miles to Sydney airport, a drive-in theatre under construction. Now, providing it is necessary to eliminate that drive-in theatre because of the zoning regulations it would cost—the original cost of establishing a drive-in theatre is not so great, but the anticipated revenue of that theatre is going to run into a lot of money maybe in the course of a year. Providing it is necessary now for the department to say that theatre is too close and you have got to move it away from this zone, how would the people who are the sponsors of that project be compensated—on the investment they have in the drive-in theatre at the present time or on the anticipated revenue which would accrue.

Hon. Mr. CHEVRIER: Well, Mr. Gillis, I would rather have counsel answer that question; but I would think, first of all, that a drive-in theatre would not be 150 feet high.

Mr. GILLIS: But it is within  $2\frac{1}{2}$  miles of the airport.

Hon. Mr. CHEVRIER: Well, for one thing, it would not be 150 feet high; at least, I have never seen any that are that high, certainly.

Mr. BROWNE: It would probably be not more than 40 or 50 feet high.

Hon. Mr. CHEVRIER: No, probably not more than 40 or 50 feet high, it certainly would not be 100 feet, so there would be no offence against the regulation which applies only to buildings which are over and above a certain height.

Mr. GILLIS: But that still leaves this within the  $2\frac{1}{2}$  mile zone.

Hon. Mr. CHEVRIER: Yes, it is still within the  $2\frac{1}{2}$  mile area.

Mr. MURRAY: Well, Mr. Chairman, let us suppose someone builds a church with a steeple on it; or suppose you have a power line.

Hon. Mr. CHEVRIER: We would have to stop that.

Mr. MURRAY: Or, let us say a big chimney.

Hon. Mr. CHEVRIER: Well, there are a number of chimneys that would have to come down in some of these airports. I think there is one at Malton.

Mr. MURRAY: Surely we could cover that in order to make aviation safe in Canada; our Canadian airports should above all be the safest in the world.

Hon. Mr. CHEVRIER: The question raised by Mr. Green is one which was given careful consideration; should the matter of compensation be written in the Act or should it not, and if it is not written out in the Act, I think it would be much more serious. Now, then, the next point is this; there is no precedent in Canada for paying compensation in cases like this. There is precedent in

Canada for paying compensation for taking other people's property over, but we are not doing that, we are not taking buildings and property over; we are taking easements and navigation rights especially; and we are breaking new ground. The United States do not pay one cent compensation for cases like this. In the United Kingdom it is set out in a statute. And we thought, so there will be no difficulty about hereafter, it would be much better to spell it out in such general terms as it is in here, so that the Exchequer Court can within these broad terms adjust damages.

Mr. CARROLL: But in favour of the landowner, of the property owner.

Hon. Mr. CHEVRIER: Quite.

Mr. GREEN: It is not in favour of the landowner.

Mr. CARROLL: Well, it is of the property owner.

Mr. GREEN: This is not in favour of the property owner, it is against him because it says: "minus an amount equal to any increase in the value of the property that occurred after the claimant became the owner thereof and is attributable to the airport". So they could only apply it against him. He has something deducted under that particular legislative restriction. What objection would there be to simply writing the section so that it would read: "Every person whose property is injuriously affected by the operation of a zoning regulation is entitled to recover from Her Majesty, as compensation, the amount, if any, by which the property was decreased in value by the enactment of the regulation."

Now, there you would have it clearly set out that the claimant must prove that he has lost value by reason of this zoning regulation; and what is the objection to leaving it to the court to decide what that loss in value amounts to. I think, really, it is going to be very, very difficult for any owner to get an award, or much of an award for damages arising because of these regulations. I do not see why he should have his hands tied by the last 2½ lines of this section.

Hon. Mr. CHEVRIER: May I point out, Mr. Green, that in the Exchequer Court of Canada there is a similar provision to that, rule 50, which reads as follows:

50. The court shall, in determining the compensation to be made to any person for land taken for or injuriously affected by the construction of any public work, take into account and consideration, by way of set-off, any advantage or benefit, special or general, accrued or likely to accrue, by the construction and operation of such public work, to such person in respect of any lands held by him with the lands so taken or injuriously affected.

Mr. GREEN: I have that section here before me. To make the case parallel you would have to say that you would deduct from this damage for the zoning regulation whatever benefit he got from the zoning regulation. You are not doing that, you are saying you are deducting from the damage caused by the zoning regulation what benefit his land got from the airport as distinct from benefits by the zoning regulation. I mean the two things as I see it are on different levels.

Mr. MURRAY: At the Fort St. John airport where there is oil drilling going on around the edges of that airport, I wonder if those oil derricks would not be in the way. Will this legislation cause them to stop drilling or require them to move their derricks?

Mr. MAIN: It is conceivable that that might happen, although I am not aware that the problem has arisen. However, an effort is always made to co-operate with the oil companies and so far I might say that they have always co-operated.

Mr. MURRAY: Does that mean they would have to take up their drilling rigs?

Mr. MAIN: Either they would place them in such a position that they would not interfere with navigation, or it might be conceivable that we would close up one of our runways for a certain period of time to allow them to drill.

Mr. NICKLE: The height of those drilling derricks would be well under 150 feet.

Mr. MAIN: At any rate they are not permanent structures.

Mr. MACNAUGHT: I would like to make one inquiry concerning the Summer-side airport on Prince Edward Island. This airport is quite close to the town of Summerside and in the town there is a very high water tower from which the city gets water pressure. Is there anything in these regulations that would compel the town to destroy that water tower?

Hon. Mr. CHEVRIER: Not in the regulations, but under the Expropriation Act; if it is 150 feet high we would require the town to take it down and we would have to pay compensation under the ordinary rules.

Mr. MACNAUGHT: If you did that they would have no other method of getting their water pressure.

Hon. Mr. CHEVRIER: Well, we would have to pay the damages. They would not be affected by these regulations.

Mr. MACNAUGHT: They would not be affected?

Hon. Mr. CHEVRIER: No, we would have to take over the whole thing, that is all. Do you think the tower is more than 150 feet high?

Mr. MACNAUGHT: It is more than 150 feet high, but it may be that it is not within  $2\frac{1}{2}$  miles of the airport, but I am not clear on that. I was hoping that in a case of that kind you would make every reasonable effort to come to a compromise.

Hon. Mr. CHEVRIER: That would be covered by the rules of expropriation.

Mr. BROWNE: Following Mr. Green's answer in connection with section 50 of the Exchequer Court Act, may I point out that a closer parallel would be that, if as Mr. Green points out the improvements in the land value had been attributable to the regulations. Take the case that the Exchequer Court envisaged here in section 50: a road is built through a man's property. He is entitled to compensation for the land taken to build the road, less any benefit that he may have received by the building of the road. Now, what you are doing by this new bill is to say we are going to bring in a regulation that nobody shall be able to build within one hundred feet of the road. Is he not entitled to compensation for the damage which he suffers by reason of such a regulation?

Hon. Mr. CHEVRIER: We are not stopping him from building at all. He can build provided his building is not higher than 150 feet and he can build all he likes over here (indicating) at the end of the flightway, provided that he does not rise more than one foot in every 50 feet out. He can build 250 feet out in some areas if he wants to, but he can only build 150 feet in other areas. He may have plans to build a 250-foot apartment and he will not be stopped from putting it at one point but he will be stopped from putting it at another in the approach area, and he will be entitled to an amount of damages, if he can say that he is affected injuriously. I do not know what it would be, it will be up to the court to determine it—and we think we should leave the last part of this clause, "minus the amount equal to any increase in the value of the property..."

Mr. CARROLL: This whole law of compensation gets us away from the matter of speculation. If I heard that there is a mine going to be opened up, say

10 miles away, and I go out and pay \$50 an acre for land and the mine is opened, I do not get the increased value of that land under the ordinary rules of compensation, and the reason is to prevent speculation.

Mr. GREEN: In the case you mentioned a man could probably get very little back anyway because he could not build another couple of stories on his apartment, yet against what damage he can get you take any increase in the value of the land, as distant from the building, which was caused by the airport being developed, even though the airport may have been in there 10, 15 or 20 years before. The result will be that the man cannot get any compensation because of this restrictive clause.

The WITNESS: The officials drawing up this clause felt that the provision in the Act was a quite fair one because it is in most cases only on account of the existence of the airport that the apartment building is required there in the first instance.

Mr. BROWNE: Is that a fair statement to make today in view of housing conditions?

The WITNESS: I think in almost every case the building immediately surrounding airports is entirely because of the existence of the airport, with a few exceptions.

Mr. MACDONALD: I would not say that that would apply to Edmonton,

The WITNESS: In that case there would be no increase in value if the airport was acquired for other purposes.

Mr. GREEN: It does not apply to Sea Island, however. In the case where people own land on the shore which they bought for purposes of building a cannery or putting in a small industrial plant where there would be dockage, they would be caught by this provision, and they would not be able to put up a cannery or a warehouse.

Hon. Mr. CHEVRIER: But no one would put up a cannery higher than 150 feet, nor build a warehouse higher than 150 feet.

Mr. GREEN: If they come under this runway condition it would stop them.

Hon. Mr. CHEVRIER: But the question is, do they come under it. We cannot answer that because in order to get information on that it would mean surveying 112 airports and we have not done that. My guess is that under the first restriction, no airport in Canada will be affected, and in the second and third I do not think it will be very great, but I do not know.

Mr. GREEN: Of course, our problem with this section we are discussing really is to have a fair compensation provision; I do not think many people will be able to get any compensation whatever under this provision because claims would be very hypothetical, but my submission is that tying that additional restriction on will make the section unfair.

Mr. BROWNE: And unworkable. Supposing a man buys property near an airport now. There is nothing to be taken off because it has reached, or we can assume it has reached, its full value. It is only the original owner that that can be applied to.

Mr. GREEN: The new buyer has a clear claim for whatever damages are caused.

Mr. GRAYDON: I think this in effect means that you are giving with one hand and taking away with the other, and I would think that the government would not be losing anything very seriously, although it would be fair to the owners, if the latter part of that clause were deleted. In addition to that it seems to me it is not worded properly, in any event, because it seems to me when it speaks of the value of the property that may mean the entire property that is owned, even though it may not be covered by the aerial easement, and

I would think that that part of the bill should certainly only cover the area of this property directly affected by the aerial easement concerned. That draughtmanship would certainly seem to me that his whole property could be set off against the part which is affected prejudicially by the zoning regulations. Now, I do not think that is fair and I would suggest first of all that that part come out, certainly because of the restricted portion which is in here now.

Mr. MATTHEWS: If I might have a word, Mr. Chairman, on that point, I think the intention of the section is to cover the case of the landowner of land that is in the vicinity of the airport and by the establishment of the airport the land increases in value. That used to be called the unearned increment. It is to the benefit of the landowner. The sole reason for the increase in value is the expenditure of public money on the airport, and when zoning regulations are applied there may be a diminution in the value of his property, but one is set off against the other, and I think it is very fair because he should take the rough with the smooth, and if he has had an increase in the value of his property attributable to the airport, then I think he should stand any loss there might be in connection with zoning regulations. I think it is fair and it follows the provision of the law now in expropriation cases. The minister has read the Exchequer Court provision, section 50. The Bill covers injurious affection. These words "injuriously affected" are taken right from that Act. I think it is fair that it should be so, that if the government is going to expend money on the establishment of an airport which brings about an increase in the value of the land around it, the landowner should stand the loss in connection with the zoning regulations. Another thing, too, it might protect the landowner's property, it will protect it in this way, that it will establish zoning regulations so that everybody will know just what the situation is.

Mr. GREEN: This expropriation law only applies where the Crown is taking the land, that is all; it is not to meet the case where the Crown does not take the land; it is perfectly fair that there should be restriction on the value in the former case, but we are not dealing with that situation at all; we are dealing with a situation where a man is not getting his land expropriated, he is simply having a restriction put on the land.

Hon. Mr. CHEVRIER: No, no, he is not having a restriction put on the land, he is having restrictions put on above the surface of the land. That is a different thing, and there is no provision anywhere in Canada for compensation in a case like that.

Mr. GREEN: I think the mistake is in trying to tie in the land with the restriction above the surface.

Mr. MATTHEWS: It is closely assimilated to the Expropriation Act as applied to the case of the Sisters of Charity of Rockingham, where the railway expropriated a piece of their land, and because of the smoke and the noise from the passing trains the Sisters of Charity got compensation. It is a very similar case.

Mr. GRAYDON: Mr. Matthews mentioned about an increase in value attributable to the fact that the airport was situated there with government money which, as he indicated, might have the effect of increasing the value of adjoining property. Now, in the case of the Malton airport, the situation is that a major part if not all of the increase in value that came to adjoining land around the airport did not come from the fact that the airport was situated there, it came from the fact that the A. V. Roe Company came into that section and built their plant there, and that became a great industrial section.

Hon. Mr. CHEVRIER: You know as well as I do that the A. V. Roe Company would not have gone there had there not been an airstrip there in the first place.

Mr. GRAYDON: Might I point out that under this Act you could indirectly, perhaps, attribute that value to the fact that it was the airport that actually was the reason why the land increased in value. Now, I would like to be clear on that, because I do not think that because of the increasing value at every stage of development you could then attribute that to the fact that the airport was established there, all the increase in value that might take place is due to the airport. I do not think the act or the bill is clear on that.

Mr. MATTHEWS: That may be, but I take it the court would have to decide what improvement is attributable to the airport and what is attributable to A. V. Roe.

Mr. GILLIS: A. V. Roe would not be there without the government money.

Mr. GRAYDON: One other thing. I would like to have Mr. Matthews' very distinguished opinion on the matter of setting off of the entire increase for any value of a property that a farmer might have, for instance, as against the portion which is covered by the aerial easement. In my interpretation that if the man had a 200 acre farm under this bill, if only 25 acres were covered by the aerial easement, then as I read the bill the government could say: Here, his 200 acre farm has increased by so much and we will set that off against the 25 acres aerial easement.

Mr. CARROLL: There is the question then of damage by separation.

Mr. MATTHEWS: I think it does refer to the part of his property that is injuriously affected.

Mr. GREEN: It does not say so.

Hon. Mr. CHEVRIER: "Every person whose property is injuriously affected . . .".

Mr. GRAYDON: ". . . whose property is injuriously affected . . .". That might be taken to mean the whole property and not just the part where the aerial easement goes over.

Mr. MATTHEWS: The property—

Mr. GRAYDON: Then you say ". . . minus an amount equal to any increase in the value of the property that occurred after the claimant became the owner thereof . . ."

Mr. MATTHEWS: I do think that the property is the property mentioned in the first line: "... whose property is injuriously affected..." That is the only property mentioned in the section.

Mr. GREEN: That would take in all of his property. It would not be part of his property.

Mr. GRAYDON: I should think it would be much clearer if it were: "minus an amount equal to any increase in value of the property that occurred after the claimant became the owner thereof and is directly covered by that easement".

Hon. Mr. CHEVRIER: What about "... the value of the property so injuriously affected".

Mr. BROWNE: "Property" means his whole property.

Hon. Mr. CHEVRIER: "... so injuriously affected."

Mr. BROWNE: You mean the proportion?

Hon. Mr. CHEVRIER: Yes: "every person whose property is so injuriously affected . . .". If 125 acres are injuriously affected on a 300 acre farm then he would not be claiming for the other 175 acres.

Mr. BROWNE: Well if a man has property near an airport it now has a certain enhanced value and, for the sake of argument, in three or four years time you might make that recommendation regarding the airport. You are

going to take for value then the amount which the property has increased since the construction of the airport. Is that fair? If you want to make it comparable to section 50 should you not say: "... minus an amount equal to any increase in value of the property as a result of the regulations". It would seem absurd to put it this way.

Mr. GREEN: That gets it in the proper position because then you would take away from the damages any increase in value that is caused by this regulation. If the regulation makes his property more valuable you deduct the amount of the increase from his damages and then you have got the two points meeting—rather than confusing the value of the land and the amount of the damage.

Mr. MATTHEWS: I would think that there would not be many instances where you could say the value increased as a result of the regulations. It is quite the reverse. In that case a claimant would not make a claim—if it was increased in value by the regulation.

I think this section was pretty carefully considered by the Department of Justice who went into it carefully. I would not like to see this changed except perhaps to read "... value of the property so injuriously affected ..." which is undoubtedly what is meant.

Hon. Mr. CHEVRIER: I do not think it is necessary but if that will help the point raised by Mr. Graydon and Mr. Green—

Mr. CARROLL: I do not think it will help. Suppose a man has a 200 acre farm out here and you take 25 acres of it. He may be entitled to damage for separation. 25 acres have been taken away—and that may affect his other 175 acres, and the Exchequer Court would take that into consideration.

Hon. Mr. CHEVRIER: You would be taking that right away from him by adding those words.

Mr. CARROLL: In that particular case it may not arise.

Hon. Mr. CHEVRIER: As in all legislation you cannot cover all cases. There are always cases that will arise in some members' minds which are not covered by this; but broad language was used so that the Exchequer Court could use its discretion.

Mr. NOSEWORTHY: How would this regulation affect the man who had bought property say six years ago where it had already increased in value due to the fact that there was an airport there?

Hon. Mr. CHEVRIER: There would not be any reduction and the "minus" would not apply.

Mr. BROWNE: Why is it then in the case of the recent owner there is a reduction but in the case of an original owner there is not?

Hon. Mr. CHEVRIER: Because there has been no enhancement since the recent owner bought it.

Mr. BROWNE: There might be some opportunity of the recent owner to claim against the original owner?

Hon. Mr. CHEVRIER: Why should the recent owner collect from the original owner. He is going to get compensation for the restrictions as they affect him without any "minus". Nothing will be taken off.

Mr. GRAYDON: If anyone wanted to remove themselves from the operation of that second section where the "minus" provision is mentioned, they need only to sell the property to somebody else and that is an out. I don't know whether it would be proper or not—

Mr. CARROLL: He does not get anything for that.

Hon. Mr. CHEVRIER: Do you think if he did it for the purpose of avoiding the regulation—

Mr. GRAYDON: He would not do it for the purpose of avoiding the regulation; it would be just done.

Mr. NOSEWORTHY: You would get this situation. The man who sells his land to a recent buyer benefits through the sale from the increased value of the land. The man who does not sell his land but now comes under this regulation will be penalized for not having sold it. Had he sold it he would have received full benefit, but the man who held onto his land will not get the increased value of the land.

Hon. Mr. CHEVRIER: I would think, as Mr. Matthews says, the purchaser will anticipate the regulations immediately that he sees notice of them in the *Canada Gazette*, the press, and the notices that he gets from parliament. I do not think we will have many cases.

Mr. GRAYDON: May I ask another question which refers back to the matter I raised before in connection with the increased value because of industry that might be located at the particular point. Why would it not be advisable to put in before the word "attributable" the word "directly"?

I am concerned about the question of reaching back and finding increased value attributable to something other than the airport altogether.

Hon. Mr. CHEVRIER: Well, I have no objection. I do not think it means anything but if you want it in I would not oppose it.

Mr. GRAYDON: I would like to have it in.

Hon. Mr. CHEVRIER: I do not think, with the limited experience I have that a court is going to attach much importance to damages attributable to the airport or damages directly attributable to the airport. If it will help the committee I have no objection to it going in.

Mr. GILLIS: It just makes it more complicated. Here you will be getting into definitions and so on, and I think the wording you have is better.

Mr. NICKLE: Are there any cases here or elsewhere covering compensation paid for any injury done to property by a limitation on the height of buildings over that property?

Hon. Mr. CHEVRIER: I do not know of any. The municipalities pass certain regulations within their limits and pay no compensation. They limit a man in building so many feet from a street line, they regulate the cost of buildings that may be built on certain lots, and so on, and there is no compensation paid.

Mr. NICKLE: It seems to me that other than noise of aircraft which could perhaps affect livestock—cattle and so on—the only serious injury that might be done would be that of setting a limit on the height of buildings or other structures that might be erected on the property. A 150 feet ceiling is such that I do not see much possibility of any sizeable damage being done to property except along the runway strips.

Hon. Mr. CHEVRIER: That is what we think. That is what Mr. Baldwin said earlier. He thinks there will be very few cases in which it will be necessary to pay compensation.

Mr. GRAYDON: Certainly if your "minus" section is in there, there will not much compensation paid.

Hon. Mr. CHEVRIER: I was going on to say that I refer to the first restrictive regulation—under 150 feet—and with respect to the other position we will not know until we have a survey.

Mr. GRAYDON: The minister has mentioned the restrictions put on by municipalities. May I ask the officials this one question. How closely do you consult with the local planning boards or how closely have you been consulting with the local planning boards before these regulations come in?



Mr. MAIN: Very closely. In every case the obvious thing to do is to get in touch with the people and work out their requirements and ours. They have co-operated very closely. I might say that during the war I was responsible for the administration of these regulations and in every instance the municipalities co-operated 100 per cent.

Mr. GRAYDON: Are there any outstanding differences between your department and the planning board whose jurisdiction surrounds Malton airport?

Mr. MAIN: We are in very close co-operation with Mr. Bunnell, I think it is.

Mr. GRAYDON: But are there any outstanding differences that have not been resolved in connection with that?

Mr. MAIN: Not as far as I know.

The CHAIRMAN: Are there any further questions? Shall clause 1 carry?

Mr. GREEN: Are you making the amendment—putting in the word “directly”?

Hon. Mr. CHEVRIER: I have no objection, but it is up to the committee. If the committee wants it in I am not going to object.

Mr. CARROLL: What amendment is that?

Hon. Mr. CHEVRIER: Putting in the word “directly” before “attributable”.

Mr. CARTER: Would that not be restricting the limits of the jurisdiction of a judge?

Hon. Mr. CHEVRIER: I would rather have counsel speak on that. I am trying to be helpful and I do not want to be saying “no” all the time. What is your view, Mr. Matthews?

Mr. MATTHEWS: The amendment suggested by Mr. Graydon is to meet the situation of the A. V. Roe company. I suppose some lawyers before a court might argue that “directly” would be restrictive. Whether or not they could convince a court I cannot say. I would think the language is sufficiently broad to cover it now, but “directly” would cover the point raised by Mr. Graydon. It would be slightly restrictive and somebody might argue that, no doubt.

Mr. CARTER: While it might help in some cases it will be detrimental in others.

Mr. MATTHEWS: It might be.

Mr. GREEN: It would not do anything but help a claimant.

Mr. CARTER: I would think it might work against the claimant in some cases.

Mr. MATTHEWS: No, I would think this would help the claimant.

Hon. Mr. CHEVRIER: If the committee wishes it in, I am not going to object. Let us take up the sections now.

Mr. MACDONALD: Before we discuss the sections, I wish the Minister of Transport to evaluate the necessity of moving one of the greatest airports in the world, namely, the municipal airport at Edmonton, moving that field outside the city limits, and I wish he would evaluate having an early selection of a new site.

Hon. Mr. CHEVRIER: I can only add to what I have already said, that I would be glad to give the matter consideration. But I would say that if the military traffic is moved to Namao, the position at Edmonton would be eased, and there might not be the same necessity for moving as there would be if the military traffic remains there. I think the time to determine that question is when the traffic is moved; and when it is moved, I will ask the officers to take a look to see what can be done. It is a long-term project. It would have to be envisaged under all these aspects.

Mr. MACDONALD: Thank you very much, Mr. Chevrier.

The CHAIRMAN: Does section 1 carry?

Mr. GREEN: Mr. Chairman, I still think that we should strike out the words after "the property" in line 12 and substitute the words "as a result of the regulations."

Hon. Mr. CHEVRIER: Could we not consider that when we get to the section, Mr. Chairman? We are on section 1 now.

The CHAIRMAN: We are on section 1 "Powers of minister to make regulations with approval of Governor in Council."

Mr. GREEN: There is only one clause in the bill, Mr. Chairman.

Hon. Mr. CHEVRIER: Let us take up the subsections, then?

The CHAIRMAN: Shall clause 1 carry?

Carried.

Shall clause 1, subsection (5) of the Act carry?

Carried.

Shall subsection 6 carry?

Carried.

Shall subsection 7 carry?

Carried.

Shall subsection 8 carry?

Hon. Mr. CHEVRIER: I think Mr. Green has a question on subsection 8, Mr. Chairman.

Mr. GREEN: I suggest that we strike out the words after "property" in line 12 and substitute therefor "as a result of the regulation."

That would mean setting off against the damage any benefit which comes to the claimant by reason of the regulations.

Mr. MACNAUGHT: There would be no enhancement to the property as a result of the regulations.

Mr. GREEN: There might be some, as the officers have said, the result of the regulations might be to enhance it.

Mr. MATTHEWS: I think that would render the clause completely meaningless.

Mr. BROWNE: Suppose a man has property. Let us call it value A. And suppose an airport is built near it. Suppose value of his property is increased, by value B and let us say it becomes value A plus B; and suppose the zoning regulation brings about a decrease in the value of the property, and suppose we call that decrease D. Therefore the total value of the property would be A plus B plus D. Now these regulations say that you must take off B, and you take it off. The value of the property may have been going up for reasons other than the airport being built; and on the other hand, the value of money has depreciated, and I believe there would be some problem to find out exactly what B amounted to. But in any case you have to take it off now. Therefore, the formula would now be A plus B plus D minus B, and the only benefit which the man got would be a decrease as a result of the regulations.

Mr. GRAYDON: That reminds me of the binomial theorem.

Mr. BROWNE: That is what it amounts to.

Hon. Mr. CHEVRIER: Mr. Green moved an amendment.

The CHAIRMAN: Shall Mr. Green's amendment carry?

Hon. Mr. CHEVRIER: No!

The CHAIRMAN: May we have a show of hands? All those in favour of Mr. Green's amendment will please signify? All those against? I declare the amendment lost.

Mr. GRAYDON: We will do better than this after tonight.

The CHAIRMAN: May be!  
Shall subsection 8 carry?

Mr. GRAYDON: I understood there was no objection to putting in "directly attributable to the airport".

Hon. Mr. CHEVRIER: I have no personal objection, and if the committee wish it done, I have no objection.

Mr. GRAYDON: I so move, then.

Mr. NOSEWORTHY: Are you sure that it would not militate against the claimant?

Mr. MATTHEWS: I should not think so. I do not think it would militate against the claimant.

Mr. CARROLL: Let us consider the case which was mentioned, the man with the 200 acre farm. Would not the injury to the remaining 150 or 175 acres not be directly attributable to the taking away of the 25 acres?

Mr. MATTHEWS: But this deals with what is taken off.

Mr. MURRAY: Some of us forget that the presence of an airport very often depreciates the value of the property, quite apart from the buildings or the obstructions or anything else, particularly a farm property.

The CHAIRMAN: Does Mr. Graydon's amendment carry?

Mr. CARTER: Mr. Graydon suggested that where there was an increase in the value it could be attributed to two factors, one, to the airport itself, and the other, to industries located near the airport. I take it that he would still distinguish between those two factors?

Hon. Mr. CHEVRIER: I think he should, however, Mr. Graydon feels that he should not. But I have no views on it, one way or another.

The CHAIRMAN: Will those in favour of Mr. Graydon's amendment please indicate? All those opposed?

Mr. GILLIS: I am opposed to it without reservation.

The CHAIRMAN: I declare the amendment lost.  
Shall subsection 9 carry?

Mr. GREEN: In subsection 9, Mr. Chairman, I think the time limit is too short. It imposes a limit of one year from the time that the zoning regulations are deposited in the land registry office. Now, the deposit in the land registry office may or may not come to the attention of all the people whose property would be affected; and the same criticism applies to an advertisement in the papers. We have this situation in British Columbia; some of the owners may live in the old country, and in another case there may be an estate with a trust company as executor; therefore the matter may not come to their attention right away. I think a one year limitation for damage claims is a very short time in any event. There are practically no civilian damage claims which are restricted to that short period of time and I think the department should be willing to extend that time, let us say, perhaps to three years. If this section goes through as it is drawn, the result will be that when regulations are made and deposited, then there can be no claim established in respect to that airport after a period of one year, and everybody is out. There can be no possible damage claim after the expiration of that period of time. And another objection

I find to it is this: that as the minister indicated the other day in the House, his department would try to work out a settlement by negotiations; by negotiation they would work out a settlement rather than force the claimant to go to the Exchequer Court, which is a very expensive procedure. These negotiations cannot be carried on in a short time. They are bound to take a matter of months, and yet at the end of a year from the time the regulations are filed, all claims are out. I do not think it is reasonable to restrict that period to one year.

Mr. NOSEWORTHY: In the case where these negotiations are carried on, would not notice of them be given, when the time started to run?

Mr. GREEN: The time would start to run from the minute the plan is deposited, and I presume that negotiations would take place after that.

Mr. CARROLL: Is there a Statute of Limitations in connection with the Exchequer Court Act?

Mr. BROWNE: There is one in connection with land, and it is 20 years.

Mr. CARROLL: But is there a Statute of Limitations in connection with the Exchequer Court Act? We have in connection with various municipalities statutes of limitation, putting a limitation to the bringing of an action against a municipality, or town, and so on.

Mr. MATTHEWS: There is nothing. In the Exchequer Court Act the Crown is entitled to take advantage of any limitation in a provincial statute.

Mr. CARROLL: That is the same thing.

Mr. BROWNE: What is the reason for this? Is it just an arbitrary figure which was set by the drafters of the bill?

Hon. Mr. CHEVRIER: That is right. After this restriction they are bound. If they want to come along 5 years afterwards and get compensation, they are stuck. There should be some time limit. It is only fair that there should be.

Mr. BROWNE: Suppose you had the case of an estate where there is a beneficiary who is an infant.

Hon. Mr. CHEVRIER: Would not a guardian be appointed, and he would take action within the limited period of time?

Mr. BROWNE: But he has still to be appointed.

Hon. Mr. CHEVRIER: Surely you are not arguing against any time limit?

Mr. BROWNE: I would make it longer than one year, because an owner might be out of the country.

Hon. Mr. CHEVRIER: Well, an owner might be out of the country for six months longer than one year, so where are you going to draw the line?

Mr. MOTT: You could make it ten years, and he still could be out for another year.

Mr. NOSEWORTHY: You must have a lot of absentee landlords out there.

Mr. GREEN: You would be surprised how fast time can go after an owner dies. By the time you get an executor appointed, it is six months or perhaps longer. It takes time, and I think that one year is cutting the period too short. It means that if they are filing them for Malton or Sea Island, for instance, then at the end of one year nobody has any claim.

Hon. Mr. CHEVRIER: I do not think you would have that difficulty arising at Malton because they have been working under these restrictions for two years and have been readying themselves for it. They knew it was coming.

Mr. GREEN: I think that two years would be much more reasonable.

Hon. Mr. CHEVRIER: Then let us make it two years.

Mr. BROWNE: Would you consider elaborating that clause by saying "by notice of these regulations applying".

Hon. Mr. CHEVRIER: I will accept two years. Perhaps there is some merit in the point raised by Mr. Green. Would you care to make a motion?

Mr. MOTT: Yes. I will make the motion.

Mr. CARROLL: Yes, and I will second the motion.

The CHAIRMAN: All those in favour? All those opposed?

Carried.

Mr. GREEN: The municipalities would be paying for a portion of this compensation. I think the minister suggested that in the House. Might we have an explanation as to how that would be done? There is nothing about it in the bill.

Hon. Mr. CHEVRIER: Mr. Green raises the point about compensation to be paid by the municipalities. Perhaps Mr. Baldwin will speak to that.

The WITNESS: There are two things which the department had in mind in that regard. In the first instance, because of the point which the minister has already made, there is as a factor. A new principle, that is, the introduction of the principle of compensation in regard to zoning regulations. We would in the first instance, proceed at certain of the major federal airports in order to allow time for departmental officials to deal with the compensation problem, and the courts would deal with it as well in order to establish some sort of pattern by which we could be guided. Subsequently it would be our intention, at as early a date as possible, to discuss certain of the municipally-owned airports with the municipalities concerned with a view to working out plans for zoning under this Act for those airports, of which there are very few. And we have felt that the municipalities, since they benefit by the existence of the airports should bear some of the responsibility of compensation. But we have felt that we could not, until we had examined each airport individually and discussed it with the municipalities, set down fixed rules with regard to the proportion of the amount of compensation a municipality should take on. However, there are several criteria which would be involved, and which in our opinion would be relevant; in the first instance there would be the importance of the airport to the Federal Airways System and existing air services. Obviously there are some airports where you have air services which are based upon findings of public convenience and necessity. Such airports are more important than airports which might not serve a major airline but serve only airlines which are not based on findings of public necessity. Therefore, the importance of the airway or the airport in the federal system is the first criteria; the second criteria is related to the degree of municipal interest in the airport. At some municipally owned airports the federal government also owns part of the property and leases the land to the municipalities; or, it may even own some of the buildings at the airport; and we would consider the degree of joint investment in the airport. Finally there is the point of civil and military use and the importance to the military system. Obviously, where an airport was of major importance for continuing military use, this importance would result in placing a greater degree of responsibility on us. We think that given the existence of some court decisions which would set the plan for compensation at the major airports, plus the weighing of the factors I have described, it would not be difficult for us to work a reasonable arrangement in each case with municipal airports in discussions with the municipalities.

*By Mr. Green:*

Q. Then your point is that you would be making agreements with municipalities as to how much they are to pay?—A. That is correct.

Q. And that would be arrived at by the amount of relevant use of the land?—A. That is correct.

Q. The legal claim will be against the dominion government?—A. That is right.

Q. And the municipality would not appear in the picture so far as any court action is concerned?—A. That is right. Our zoning, however, would depend on proceeding within the regulations in respect to the zoning power given to us after having made such an arrangement with the municipality.

Q. Then, in the case of Vancouver, in the case of Sea Island airport, you would not zone that unless they agreed to pay a certain proportion of damages that might be awarded to a civil claimant?—A. That is correct.

Q. And that is the means of determining all these things?—A. Yes.

*By Mr. Graydon:*

Q. May I ask a question there, Mr. Chairman? One thing that comes to my mind is this, going back to the Malton situation. That airport, of course, is known as the Toronto municipal airport but it is situated in another municipality altogether. Now, what is the picture with respect to such an airport?—A. The statement I have made applies to municipally operated airports, not to airports operated by the federal government.

Q. Yes, I know, but when we speak of the Toronto airport, in that case, what you have said will not apply?—A. No.

Hon. Mr. CHEVRIER: No, it is not a municipally owned airport.

Mr. GRAYDON: But it has been referred to from time to time as the Toronto municipal airport.

Hon. Mr. CHEVRIER: Under no conceivable situation would it apply in the case of the Malton airport.

*By Mr. Green:*

Q. What particular municipal airports would they supply to? Sea Island is outside the city of Vancouver?—A. Only to certain of the larger ones, for instance the ones at Brandon, Calgary, Edmonton, Fredericton, Medicine Hat and St. John, and Vancouver.

Q. Are there any additional cities which would share in payment of this damage?—A. Those are the outstanding ones. There are some smaller municipal airports.

Mr. NICKLE: What about the Calgary airport? That is outside of the city of Calgary itself?

Mr. GILLIS: Before we pass this bill, how costly a proposition is it to take a case to the Exchequer Court? To the average man when you talk about going to the Exchequer Court, it usually presupposes a lot of money. Mr. Green said a moment ago that the cost is very great. I have heard that argument used on other occasions against legislation that might have to be finalized in the Exchequer Court. I wonder if the minister or someone could tell us what is the procedure in order to go through that court and what it costs.

Hon. Mr. CHEVRIER: We might have counsel comment on that.

Mr. MUTCH: Well, in the average case it might be as much as \$400.

Mr. GILLIS: My information is that unless the government pays the costs it takes a lot of money to take a case to the Exchequer Court.

Hon. Mr. CHEVRIER: Of course, if a claimant wins a case, the cost is paid by the crown.

Mr. GILLIS: Well, what is the cost?

Hon. Mr. CHEVRIER: Of course, he would have to pay if he lost. Perhaps counsel would care to give us some information on that.

Mr. MATTHEWS: It is rather difficult to say what the legal costs are. For instance, it depends on the solicitor, it depends on the number of witnesses and things like that. In the Exchequer Court procedure it is much easier now to file a petition of right and get right down to trial, particularly in expropriation cases where the government usually pays the costs. And I presume in cases of damage arising out of these regulations the government would also in most cases pay the costs, unless the claimant was very unreasonable.

Mr. GRAYDON: I think what Mr. Gillis wants to know is whether or not the loser in a law suit has to pay any part of the rent of the court house building, or any part of the salaries of the judges. He does not.

Mr. GILLIS: In any event, it is the same as in any other court.

The CHAIRMAN: Shall subsection 9, as amended, carry?

Carried.

Shall the preamble carry?

Carried.

Shall the title carry?

Carried.

Shall I report the bill?

Carried.

The committee adjourned.









HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament, 1952

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND  
TELEGRAPH LINES

*Chairman*—H. B. McCULLOCH, ESQ.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

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BILL No. 239 (R6 of the Senate)

An Act respecting The Burrard Inlet Tunnel and Bridge Company

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THURSDAY, MAY 29, 1952

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WITNESS:

Mr. R. C. Merriam, Counsel for The Burrard Inlet Tunnel and Bridge Company.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1952

ORDER OF REFERENCE

RAILWAYS, CANALS AND TELEGRAPH LINES.

FRIDAY, May 23, 1952.

*Ordered,*—That the following Bill be referred to the said Committee:  
Bill No. 239 (Letter R-6 of the Senate), intituled: "An Act respecting  
The Burrard Inlet Tunnel and Bridge Company".

*Attest.*

LEON J. RAYMOND,  
*Clerk of the House.*

REPORT TO THE HOUSE

THURSDAY, May 29, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines begs  
leave to present the following as a seventh Report.

Your Committee has considered Bill No. 239 (R-6 of the Senate) intituled:  
An Act respecting the Burrard Inlet Tunnel and Bridge Company and has  
agreed to report same without amendment.

A copy of the evidence adduced in relation to the said bill is appended  
hereto.

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*

## MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, Room 277,  
THURSDAY, May 29, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines met at 10.30 o'clock a.m. The Chairman, Mr. H. B. McCulloch, presided.

*Members present:* Messrs. Bonnier, Carroll, Carter, Cavers, Conacher, Darroch, Follwell, Gourd (*Chapleau*), Green, Hodgson, James, Macdonald (*Edmonton East*), McCulloch, McIvor, Mott, Murray (*Cariboo*), Nixon, Noseworthy.

*In attendance:* Mr. A. Laing, M.P. and Mr. R. C. Merriam, Q.C., representing Mr. D. K. MacTavish, Q.C., Parliamentary Agent, counsel for the petitioners.

The chairman informed the Committee of the sudden demise on the evening of May 27 of Mr. A. L. Burgess, Assistant Chief of the Committees and Private Bills Branch, who had, during this session, occupied the functions of Clerk of the Committee. After the Chairman had paid tribute to the late Mr. Burgess the members present and all attending before the Committee stood in silence for thirty seconds in memory-homage to the deceased.

Mr. Green, of the Committee, also paid tribute to the late Mr. Burgess and moved, and it was agreed, that the Committee's expression of sympathy be formally transmitted to the widow and daughter of the deceased.

The Committee considered clause by clause Bill No. 239 (R-6 of the Senate), intituled: "An Act respecting The Burrard Inlet Tunnel and Bridge Company."

Mr. Merriam was asked questions relating to the said Bill.

Mr. Laing, M.P. in the absence of Mr. Sinclair, M.P., sponsor of the Bill, also addressed the Committee by outlining the purpose behind the Bill.

On motion of Mr. Carroll it was agreed that the day's verbatim report of the proceedings and of the evidence adduced be printed.

The preamble, clauses 1, 2 and 3 and the title of the Bill were severally adopted and the Bill ordered to be reported without amendment to the House.

At 11.00 o'clock a.m., the Committee adjourned to the call of the Chair.

ANTOINE CHASSE,  
Clerk of the Committee.

**THE LATE A. L. BURGESS, ESQUIRE****Assistant Chief, Committees and Private Bills Branch**

MAY 28, 1952.

10.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. First, I would like to speak about the late Mr. Burgess who passed away on Tuesday night. He was a great help to us in this committee and a great help to me, telling me just what to do as things passed along.

Mr. Burgess was appointed assistant chief of Committees and Private Legislation branch just a week ago, and his passing away is very sad and I think that we all should stand for thirty seconds in memory of Mr. Burgess.—(A thirty seconds' silence observed.)

Mr. GREEN: Mr. Chairman, before we proceed with our business, I think perhaps it would be a nice idea if we moved a vote of sympathy for Mr. Burgess' widow and daughter. He has been clerk of this committee on many occasions and also I have been on other committees on which he was clerk, and he always rendered friendly and efficient service. I do not believe we could have had more help from anyone than we have had from Mr. Burgess.

In addition to the service he has rendered here he also served in the forces in both world wars, and I think his life has been one which has been very well invested and he has made a great contribution to his country.

I am quite sure that all the members would join in expressing a word of sympathy to Mrs. Burgess and her daughter and also a word of admiration for Mr. Burgess.

## EVIDENCE

The CHAIRMAN: Bill No. R6, an Act respecting the Burrard Inlet Tunnel and Bridge Company. Mr. Merriam is here. Are there any questions which anyone wishes to ask Mr. Merriam?

Mr. R. C. Merriam, Q.C., Counsel for Burrard Inlet Tunnel and Bridge Company, called:

The WITNESS: Mr. Chairman and gentlemen, one or two brief words. The bill is in respect of a bridge in Vancouver which is known as the Second Narrows bridge. It was built some twenty-five years ago. I think the actual date of completion was in October 1925, and it has, of course, been in existence ever since. It has had many tribulations, one of which was that during the course of its history the centre span through no fault of the bridge construction was destroyed. A new one has been built and the bridge is actively used.

The bridge is owned by four municipal corporations. There is the Corporation of the District of North Vancouver, the Corporation of the City of North Vancouver, the Corporation of the District of West Vancouver and the City of Vancouver, and the majority of the bonded indebtedness of the company is held by the Corporation of the District of North Vancouver and the Corporation of the City of North Vancouver, so that the municipalities are the ones who are really primarily interested in the operation of this bridge.

Now, as their Act presently stands, the mayor or the reeve, as the case may be, of each of these corporate bodies is automatically a member of the board of directors of the company which owns and operates the bridge. Because of the very heavy duties—and duties that are continually increasing in respect of the position of mayor or reeve of any municipality—it was felt desirable that the council of each of the municipalities should be given the right to name one of the councillors rather than be limited to naming the mayor to serve on the board of directors and that is the main purpose of this Act and is contained in section 1, which amends section 7 of the original Act.

Now, that does not mean that the mayor cannot be appointed. It merely means that if he feels that he is too busy with his municipal duties or his council feel that one of the other councillors probably has more time to devote to this, that they have the right to appoint that individual to serve on the board of directors.

Section 2 has to do with tolls. This is a toll bridge and section 2 specifically authorizes the company to charge, subject to the approval and the overriding jurisdiction of the Board of Transport Commissioners; in other words, the final authority is vested in the Board of Transport Commissioners. That is not new in this sense, that the original Act in an overriding section makes the provisions of the Railway Act applicable.

One of the provisions of the Railway Act is that tolls may be charged on any bridge over which a railway passes, and as this is a railway bridge in addition to having a roadway for pedestrians and vehicular traffic, tolls have been charged. However, since the company was going to parliament in any event to have this Act amended, it was felt that it might be desirable to include a section making it quite definite that the company had the unquestioned right to charge these tolls in so far as pedestrian traffic and vehicular traffic was concerned, subject, as I say, to the approval of the Board of Transport Commissioners.

Section 3, which amends section 14 of the Act, is merely a corrective section. In the original Act the Canadian National Railways was referred to as the Canadian National Railway Company which, of course, is not its proper designation. The Pacific Great Eastern Railway was improperly described as the Pacific Great Eastern Railway Company, and finally the National Harbours Board has been substituted for Vancouver Harbour Commissioners. Those are small obvious corrections designed to include the correct and proper names of these various bodies in the Act.

The reason for the change to the National Harbours Board is that the Vancouver Harbour Commissioners has been superseded by the National Harbours Board as the appropriate body.

That, gentlemen, is the substance of the bill.

*By Mr. McIvor:*

Q. They have been charging tolls up to now, have they?—A. Yes.

Q. There is no change?—A. There is no change, no.

*By Mr. Carroll:*

Q. Excepting that perhaps the nature and amounts of tolls are placed under the jurisdiction of the commission?—A. They were before, sir. In the Railway Act tolls are also subject to the jurisdiction of the Board of Transport Commissioners.

*By Mr. Green:*

Q. As I understand it, Mr. Merriam, the power to levy tolls—

Mr. CARROLL: Would you excuse me, Mr. Green, for a moment? I want to make a motion that the proceedings of this committee be published. I understand there is some question as to whether or not we have that right.

The CHAIRMAN: All in favour of the motion?

Mr. GREEN: Mr. Chairman, on that point I think we decided when we first met that our proceedings would be printed and I do not believe there is any necessity for passing a motion each time a bill comes up in the committee. We have had other bills before the committee, including private bills, and it is a new procedure to me that we have to move when each bill comes in to have it printed.

The CHAIRMAN: It says here:

Resolved that the committee recommend that it be empowered to print from day to day such proceedings and evidence as may be ordered by the committee.

Mr. CAVERS: I think I made the motion.

Mr. GREEN: I understood that all our proceedings were to be printed.

The CHAIRMAN: Any questions you would like to ask of Mr. Merriam?

*By Mr. Green:*

Q. Mr. Merriam, at the present time the right to levy tolls on the bridge in respect of traffic other than rail traffic comes from the Railway Act itself?—A. That is correct, Mr. Green.

Q. There is no section of the Burrard Inlet Tunnel and Bridge Company Act which provides for the levying of tolls?—A. No, not specifically except by reference to the Railway Act.

Q. And now you are asking that it be set out definitely that the company can charge tolls on highway traffic?—A. That is right.



Q. Is there any danger of that having the effect of depriving the company of the right to charge tolls on the railway?—A. I do not think so, Mr. Green, because the section is worded:

**In addition to its right to charge tolls under the provisions of the  
Railway Act.**

In other words, any right which the company may have to charge tolls with respect to railway traffic under the provisions of the Railway Act is retained not only in this toll section but also in the original section of the Act which made the provisions of the Railway Act applicable and which is not being changed in this amendment.

Q. Are your new provisions for charging a toll on highway traffic more extensive than the rights you get under the Railway Act?—A. It is doubtful, Mr. Green. That is why it was felt that they should be made specific here. Under the Railway Act there was a question—I do not think it had ever been litigated or argued very seriously—but there was some question in the minds of the people running the bridge as to whether or not that authority extended to automobile traffic.

Q. Well, are there any other bridges in Canada over which there is a railway as well as a highway where this condition has arisen? There must be many similar bridges in Canada and I would think there must be some established law as to charging tolls?—A. None I can think of offhand, Mr. Green. I believe the Act sets out specifically authority somewhat as this Act is asking to do.

Q. What I do not understand about it is that you are taking the power to levy tolls but then those tolls have to be approved by the Board of Transport Commissioners apparently?—A. Yes, that was merely to put a limitation on the authority given to the company in so far as the amount of the toll is concerned.

Q. Then, also the Board of Transport Commissioners decides on the traffic regulations, such as the speed of vehicles going over the bridge. How on earth do they get into that picture?—A. I think they come in through precedent more than anything else, Mr. Green. The precedent has grown up that when a bridge is authorized to charge tolls the amounts of those tolls are set by the Board of Transport Commissioners.

Q. Won't that mean that the Board of Transport Commissioners will be setting a speed limit on a bridge in Vancouver which will supersede any speed limits that are set by the provincial government?—A. Well, I am not sure, Mr. Green, that the Board of Transport Commissioners would have the authority to lay down rules and regulations as to speed and volume of traffic and so on.

Q. Well, you have got it right in your bill. In section 2, the new section 4, you say:

Make by-laws, rules or regulations respecting the traffic mentioned in subsections 2 and 3 including the speed of vehicles.

—A. I think actually, Mr. Green, your point is well taken. I would imagine that in practice the Board of Transport Commissioners would undoubtedly conform to provincial laws in that regard.

Q. It does seem to me that it is going to be very confusing if you have all over the province of British Columbia a speed set for bridges and then you have this particular private bill giving this company the power to set a speed of their own on that bridge subject to the jurisdiction of the Board of Transport Commissioners who are not in a position to know anything about the requirements of speed for a bridge of that type three thousand miles away and I do not quite understand why you ask for that "including the speed of

vehicles"?—A. Well, I would think that before the Board of Transport Commissioners made any order as to speed or anything else in connection with traffic, they would have to be satisfied as to what the pertinent local rules and regulations regarding other traffic were.

Q. I do not think it is any of the business of the Board of Transport Commissioners to set speed limits on motor vehicles out in British Columbia and yet that is what this bill will do if it is approved in its present form.—A. I do not think the company would object in any way to having that section struck out.

Q. Mind you, I am not opposing the bill but I do think that is only going to lead to complications and that we should not try to take control through a private bill of a speed limit in a province.

Mr. LAING: Mr. Chairman, may I have a word?

The CHAIRMAN: Yes.

Mr. LAING: My presence here is due actually to the fact that Mr. Sinclair is in Washington and he asked me to look after this bill when he was away.

Now, Mr. Green and I are two of the few people who know something about the Second Narrows bridge and I know Mr. Green will agree with me that there would never be any thought of permitting a faster speed limit on that bridge, knowing the conditions of the roadways and the width of the roadways, in excess of that permitted in the adjoining municipalities.

I ask him to bear this in mind, that the shareholders of this company are exclusively the four municipalities touched and, of course, the prescribed speed limits and control of traffic would conform with their by-laws.

I think you would agree that that would be the situation. Our traffic in Vancouver is controlled by city by-law which supplements a provincial Act respecting speed which is thirty miles per hour in organized districts of that nature. The provincial speed limit today is thirty miles per hour in all the municipalities concerned in this company and I think Mr. Green would agree that the regulations which the company will ask the Board of Transport Commissioners to approve would be the regulations that conformed to the speed limit in the four municipalities.

After all, this bridge is in a different position than any other bridge that we have in that whole area because it is a public company owned by the municipalities; it is not a provincially owned bridge. Responsibility for convictions and so on rests with the municipalities as in other bridges. I think it is a median line, is it not, Mr. Green? The police of the city of Vancouver have the responsibility for half the bridge and the police of the municipality of North Vancouver have the responsibility for the other half. I do not know how else it could be carried on in the case of a company owned and controlled such as this one is, except by application for approval of the traffic regulations to the Board of Transport Commissioners.

Mr. GREEN: Does the Board of Transport Commissioners control traffic speed regulations in any other case? Perhaps some of the other members of the committee know. Does the Board of Transport Commissioners set speed limits in any other case in Canada?

Mr. CAVERS: Mr. Green, on that point all I know is this: in the area from which I come we have a bridge crossing the Welland ship canal at the Queen Elizabeth Way. The speed limit on the Queen Elizabeth Way set by the Ontario government is fifty miles per hour, but there is a speed limit on the bridge itself of twenty miles per hour and I assume that that speed limit is set by the Board of Transport Commissioners.

Mr. GREEN: Of course, if they are doing that in other cases I have no objection.

Mr. CAVERS: The position in this case is this, there is a provincial four-lane highway on both sides but it would be very impracticable and unsafe to permit traffic to cross the bridge at fifty miles per hour and when they come to either side, they slacken speed to twenty miles per hour until they have reached the bridge and then open out on the wider part of the highway at a greater speed.

Mr. GREEN: That is probably set by the Department of Transport.

The CHAIRMAN: Shall the preamble carry?

Carried.

Shall clause 1 carry?

Carried.

Shall clause 2 carry?

Carried.

Shall clause 3 carry?

Carried.

Shall the title carry?

Carried.

Shall the bill carry?

Carried.

Shall I report the bill?

Carried.

—The committee adjourned.

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