

Mr. Chairman, the bill provides for construction and operation of a railway line in the counties of Matane and Gaspé. While this region of the Gaspé peninsula has for some time been the proposed site for railway services, the project could not be carried out so long as it had to be considered strictly on a "break-even or profit" basis without consideration being given to the possibility of incurring short term deficits in order to obtain possible long term benefits as a result of the economic stimulation that would pervade the entire area served by the new branch line.

It is because the government felt that the many representations made by community leaders and residents up and down the Gaspé coast for more than twenty years requesting the extension of rail service to Ste. Anne des Monts were indicative of a genuine need for transportation in that area that the present bill is now before us. It should be realized that from the short term point of view, this branch line is not expected to be an immediately profitable investment, hence the arrangements made under paragraphs 3, 4 and 5 of the bill. However, the government considers that the short term and long term benefits to the area served will give such an impetus to the economic growth of this area that the railway should eventually pay its way.

Mr. Chairman, I will now give you a brief resume of the wider economic assets of the Gaspé north shore area since I feel that, in the long run, it is on the abundance of these assets rather than on the immediately available tonnages of freight waiting to be shipped that the success of this development will ultimately hinge.

These assets include first of all the renowned Gaspé forest resources:

**Lumber**—Some 75 sawmills with a capacity of 85 million board feet per year are located within the Matane-Gaspé north area to be served by the new railroad. With freight rate and handling cost reductions, an increasingly large share of the potential output can be expected to move by rail.

**Wood Chips**—Instead of producing laths and shingles from edgings and slabs and burning the waste, these sawmills will be able to obtain much more efficient wood utilization through the diversion of edgings, slabs and even sizeable waste to wood chipping plants. The wood chips can then be marketed domestically thanks to the extended rail connection. Based on the sawmill capacity of the region a potential wood chip production of some 85,000 tons per year would be possible in the area served.

**Pulpwood**—While the 50,000 cords of pulpwood cut yearly along this part of the Gaspé coast are, at present, being moved by water to mills in the Quebec City-Three Rivers area, the availability of rail transportation will no doubt attract a certain share of this traffic to rail, particularly to mills having no direct water connections.

**Other Wood Products**—Long undressed timber, wooden boxes, semi-finished wood products, shingles and laths would also be able to move west at lower cost. The amount by which the annual volume of these products might be increased cannot be readily estimated because so much depends on the initiative and resourcefulness of local producers.

As to the area's mineral products, Bill C-67 will bring railhead within some 60 miles of the Gaspé Copper Company's Murdochville mining community and will reduce the present rail haul of 295 miles from Mont Joli to Gaspé to 92 miles from Mont Joli to Ste. Anne des Monts. It is not expected, however, that the principal traffic of the Gaspé Copper Company will be diverted to the new railway line. However, we do expect that an increasing share of the inbound tonnage will move over the new line. In addition to these industrial tonnages, there is of course a growing volume of miscellaneous consumer goods required both by the town and the plant.