

Mr. FISHER: There is a misunderstanding here. I just read this from Daniel Johnson's speech during the debate in the house.

Mr. DUMAS: I wonder if the minister would not elaborate on one point? Is it not a fact, Mr. Balcer, that the construction of this line could be quite an incentive for East Sullivan Consolidated to go ahead and develop their mining project which they have in the Gaspé? If you have any information on that from Mr. Beauchemin, it would be interesting for the committee to hear it.

Mr. BALCER: I do not know if I have it with me, but we have a letter from Mr. Beauchemin stating that the moment the railway is built he will go ahead with the development of the East Sullivan Mines deposit in that precise area. He has always shown a tremendous interest in a railway in that area, and he has always considered the construction of this line as one of the main conditions for the development or exploitation of those deposits.

Mr. BOURGET: That is the strongest point for the future development of deposits in that area. It has been mentioned by geologists in the province of Quebec that there are a million developments in that area. That is the most important point, and you should develop that in your opening statement.

Mr. DUMAS: Mr. Balcer, do you know the location of all the properties of East Sullivan Consolidated? I think the major property is located in Lemieux township.

Mr. BALCER: It is in the interior of the peninsula but directly south of the railhead of Ste. Anne des Monts.

Mr. DUMAS: In the township of Lemieux. It is the old federal zinc and lead mine.

Mr. FISHER: What about the Sullivan property? Oh, I am sorry if Mr. Dumas has not finished.

The CHAIRMAN: Mr. Pigeon is next.

Mr. DUMAS: Do we have any figures on the tonnage which has been proved on this project, Mr. Balcer?

Mr. BALCER: I do not have the figures with me, but we have them at the office.

The CHAIRMAN: Mr. Pigeon.

Mr. PIGEON: We now have a railway from Montreal to Rimouski and Gaspé on the south peninsula, and for each 100 pounds of a given commodity it costs \$1.50 from Montreal to Gaspé and to transport the same merchandise from Montreal to Cape Chat the cost for each 100 pounds is \$1.68. I think that is the main reason that we should have another railway.

Mr. FISHER: What is the commodity, though? That figure does not mean anything unless you state the classification that you mean, because the railways have a lot of different classifications.

Mr. PIGEON: If we have this railway from Ste. Anne des Monts and from Matane to Ste. Anne des Monts, the transportation cost would be less, because now the cost from Montreal to Cape Chat is \$1.68 for each 100 pounds.

Mr. BALCER: I think Mr. Scott could give you the explanation of what you have in mind, concerning this very high cost.

Mr. SCOTT: Yes; the higher rates to which you refer, of course, are the line haul rates on the Canadian National Railways, plus a local rate over the Canada and Gulf Terminal, plus the local trucking rate. Any time you have three factor rates like that, they are always high. The low rate occurs when you get a through rate all the way through with one carrier. That is what would make the difference. This brings down the rates.

Mr. FISHER: What negotiations have you had with the East Sullivan Mines?