

### EXPLANATORY NOTES.

The purpose of this Bill is to authorize amendments to a loan agreement made with Bras d'Or Coal Company Limited. The repayment terms of that agreement were in accordance with section 4 of the *Coal Production Assistance Act* which reads as follows:

"4. (1) A loan shall bear interest at a rate fixed by the Governor in Council based on the average rate of interest return that the Minister of Finance determines is yielded by bonds of the Government of Canada of a term comparable with that of the loan or, if there are no such bonds outstanding, that would in the opinion of the Minister of Finance be yielded by such bonds, and shall be repaid by semi-annual payments at a rate of not less than thirty cents per net ton of coal produced by the mines in respect of which the loan was made.

(2) The semi-annual payments mentioned in subsection (1) shall commence in the year after the last instalment of the loan is made or the date fixed in the agreement for the completion of the project, whichever is the earliest; and the loan shall be repaid within fifteen years after the first payment is due.

(3) A loan shall be secured by a first charge or mortgage in favour of Her Majesty on the mine and equipment in respect of which the loan is made or on other property of the coal producer or by such other security as the Minister may approve."

The proposed amendments to the loan agreement would remove the obligation of the Company to make repayments during or in respect of a period from July 1, 1960 to June 30, 1962, and would require the company to resume repayments on December 31, 1962 in accordance with the original repayment terms of the loan agreement.