

Canadian National Railways

for the issue by the company of securities, which may be guaranteed by the government in respect of the cost of construction. To enable the company to proceed with construction forthwith temporary loans may be made the company out of the consolidated revenue fund, upon terms and conditions prescribed by the governor in council and secured by company securities.

Mr. Green: Will the minister make a statement, either at this stage or when we are in committee?

Mr. Chevrier: I was hoping I could make it in committee of the whole.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Mr. Chevrier: This resolution seeks to authorize the Canadian National Railways to construct a line of railway from Sherridon to Lynn lake, in the province of Manitoba, a distance of 155 miles, at an estimated expenditure of \$14,725,000 and an average expenditure of \$95,000 per mile.

The resolution may be divided into three parts: First, that which seeks the authority to construct the line; second, that seeking authority so far as the Canadian National Railways is concerned, to issue securities guaranteed by the government to finance the construction; and third, that seeking authority to make temporary loans to the Canadian National Railways pending the construction of the line.

The matter of the construction of this railway has been under consideration for some time. Recently discussions were initiated between the officers of the Canadian National Railways, Sherritt Gordon Mines Limited and the Minister of Defence Production, and an agreement was reached.

The economics of the proposal so far as the Canadian National Railways is concerned are based on the understanding that the Canadian National Railways would, in the first instance, assume \$10 million of the cost of construction of the said line, the balance of the cost to be borne by the federal government through the Department of Defence Production. Sherritt Gordon Mines Limited would contribute \$5 million of the cost, payable at the rate of \$350,000 annually for a period of twenty years, with the proviso that when traffic over the line proves to be greater than the traffic now estimated, that is, 1,880,000 tons of out-bound traffic, the Canadian National Railways would repay Sherritt Gordon Mines Limited \$2.65 per ton until a total of \$5 million had been paid.

Minerals of a strategic nature have been discovered in the Lynn lake area. They are the property of Sherritt Gordon Mines Limited and they are needed for defence

[Mr. Chevrier.]

production. They cannot be exploited without the construction of this railway line. The construction of the railway line would have the following effect: First, Sherritt Gordon Mines Limited would be able to proceed with the full development of their Lynn lake nickel copper deposits, which have a proven reserve of 14 million tons; second, the establishment of a 2,000 tons per day mining plant and concentrator at Lynn lake; third, the establishment of a nickel refinery at Edmonton on the Canadian National Railways line for the refining of the nickel concentrate from Lynn lake and the manufacture as a by-product of ammonium sulphate; fourth, the construction of a 7,000 horsepower hydro-electric plant on the Laurie river, with an ultimate potential of 15,000 horsepower; fifth, the additional production per annum, providing the present demand for base metals continues, of the following:

| | tons |
|-------------------------|--------|
| Nickel | 8,407 |
| Copper | 3,414 |
| Cobalt | 100 |
| Copper sulphide | 1,545 |
| Ammonium sulphate | 72,000 |

It is estimated that the annual value of the mineral and ammonium sulphate production would be of the order of \$14,000,000.

The successful operation of this railway branch is dependent upon the mining development in the area. The Canadian National Railways estimates that with the traffic available and the survey it has made of the traffic potential when the developments referred to above have been completed, the effect on the net income position of the Canadian National Railways will be \$244,000 annually. The contribution from Sherritt Gordon Mines Limited of \$350,000 per year for twenty years would raise this figure to \$594,000 per year. The excess over the \$10,000,000 for which authority is being sought by the Canadian National Railways will be financed by the Department of Defence Production. It is estimated this will amount to \$4,725,000.

The Canadian National Railways will be authorized to issue securities guaranteed by the government not exceeding \$10,000,000, and temporary loans will be authorized during the period of construction.

This is a project of great magnitude. It is one which is urgently required. It will mean the expenditure of \$50 million by Sherritt Gordon Mines Limited, the Canadian National Railways and the government. It will mean the full development at Lynn lake of 14,000,000 tons of nickel copper deposits; the establishment of a mining plant and concentrator employing 500 men; the establishment of a modern townsite at Lynn lake