

Mr. DRYSDALE: Are you contending the determining the factor is the amount you would have to pay in freight rates? In other words, that would determine their choice to convert perhaps to natural gas or some other fuel?

Mr. BLAIR: I venture to think there is no other industry in this country where the only increase in the price of its product has been ten cents in ten years.

Mr. DRYSDALE: As a point of interest, what is the selling price of lignite coal?

Mr. BLAIR: Two dollars a ton on the average at the mine.

Mr. DRYSDALE: But what is the final selling price with the freight rates and everything added on.

Mr. BLAIR: Two dollars plus the freight rates. There is so little of a domestic market where you put it through middlemen that it does not count. We sell direct to the user of the coal.

Mr. FISHER: At the time of this judgment was the board cognizant of the competition appearing with the development of the trans-Canada pipe lines.

Mr. BLAIR: Oh, yes. I am sure they were.

Mr. FISHER: I would like to ask Mr. Southam his intention with regard to this matter. I wonder if he plans to bring in an amendment to the committee in connection with this particular matter which would extend the benefit of this subsidy to the Saskatchewan lignite industry.

Mr. SOUTHAM: Might I say in answer to Mr. Fisher first of all that I would like to compliment Mr. Blair on his presentation of this brief, and to thank the chairman as well for the privilege of allowing me to sit in on this. I feel quite at home on this subject because it is right on my doorstep, so to speak, in my riding. I would like to suggest that if this 22 cents per ton of freight rate comes into effect, it would probably break the camel's back as far as this industry is concerned.

I have been watching these people for a number of years, and I know that through technological and scientific improvements they are trying to meet competition. I was over there last year when I saw one of the four largest drag lines on the North American continent put into operation.

Mr. Blair suggested that it cost \$1,500,000; but as a matter of fact, they put in facilities to handle freight cars and the result was that it cost \$1,850,000. They shipped in enough cars to bring it up to \$2 million. They were optimistic when the technological people said that they could come down to a 90 foot seam and that they could compete with natural gas.

There is another feature to it. We have a very big development of natural gas and oil on our doorstep. Steelman developed and put into operation a \$10½ million gas extractor last year, and that industry is now coming into the domestic market. They are supplying Estevan and a large area adjacent to Bienfait. They are coming right down the line to the immediate towns along the international boundary. That is providing real competition to the coal industry.

This last particular increase is something which I do not think they were anticipating. I think that is why they asked Mr. Blair to make this representation. I am in sympathy that some consideration should be given to that industry. I have not gone so far as to suggest an amount however.

Mr. PASCOE: Recently we have heard a lot about trucking. I wonder if Mr. Blair could tell us if there is an alternative form of shipping out in competition with the railways?

Mr. BLAIR: My understanding is that apart from trucking it five or ten miles from the mine, it is not an attractive product for haulage by truck.