

looked at the Atikokan and Steep Rock situation, as an example of a railway which is in existence and yet does not seem to be able to pay its way when over 2 million tons a year are being shipped?

Mr. SCOTT: No, we have not looked into this, because these rail lines which are predicated upon a mining venture—and we have some seven or eight that I do know of—are strictly a matter between the C.N.R. and the industry, and are to serve one industry. In those cases it is not a question of serving the general development of the area or the population of such an area in the broad sense, as is the case here.

Mr. FISHER: My point is that this line has been in existence for 50 years. The mineral discovery was made much later but was adjacent to the line. However, despite the fact that over 2 million tons are being shipped, the railway is forced to raise the rate because, apparently, it cannot meet its operating and capital costs. This underlines to me how expectations based upon mineral development often can be very, very over optimistic.

Mr. SCOTT: If I remember the answer Mr. Purves gave when the Whitecourt Bill was before the committee he said there had been some difficulties with that company in connection with production. As I understood it, shipments did not reach the volume anticipated when the arrangements were made.

Mr. FISHER: No. They predicated about 5 million and only came through with 2½ million. But, when I compare 2½ million to your estimate of 140,000 tons, I find it hard to reconcile.

Mr. SCOTT: I think that the other point which must be borne in mind is that usually the rate for a mining development is quite low; whereas the rates we are looking at here, as I mentioned, do not include one ton of ore; these are rates on other traffic which pay a fairly high rate.

Mr. FISHER: I am assuming that it is \$1.50 for 50 miles, and that is a substantial rate.

Mr. SCOTT: Yes.

The CHAIRMAN: Have you a question, Mr. Crouse?

Mr. CROUSE: Yes. When this line is completed, would you say that Ste. Anne des Monts will be a trans-shipping point for the north shore?

Mr. BALCER: At the present time they have a ferry service there. Its traffic is increasing all the time, and they are very hopeful that with this new branch line the people in the Seven Islands area will certainly be very much interested in getting goods through Ste. Anne des Monts.

Mr. CROUSE: Would it be proper to assume that part of your reason for building this line to provide better service with the result that you will get increased tonnage through that development in the north shore area?

Mr. BALCER: Yes, I think I can say that. The present government has made a very extensive survey of the situation along both shores of the St. Lawrence below Quebec, and we have discovered that the old area lacked proper ferry services and proper communication.

Mr. CROUSE: Are highway services for the north shore area adequate?

Mr. BALCER: Yes, they are. They are now in process of building a highway to Seven Islands. Most of the population that works on the north shore comes from the south shore. There is only one farm on the north shore; whereas the south shore is a farming community, and there was no connection between the two shores. This present government has instituted a ferry service between Rimouski and Baie Comeau. This service has been operating for a period of two months, and is a tremendous success. Its success has been far beyond all expectations.