

Mr. FISHER: By barge?

Mr. BALCER: Yes. This is one of the factors which, I think, calls for improvement in transportation. In the Gaspé peninsula you have splendid forests which, at the present time, are going to waste on account of poor transportation, and we feel that this new rail line will provide, in part, further incentives for the development of these forests.

Mr. FISHER: May I ask your economist or Mr. Scott if it is feasible would a pulp shipper prefer rail to water transportation? Although I can see the seasonal point of view, experience in the lake Superior country has proven that water shipment, even by barge, is much cheaper than rail.

Mr. G. A. SCOTT (*Assistant Deputy Minister of Transport*): I think the answer here, Mr. Fisher, really is that the cut in the past has been largely toward the west end of the present line. I should say that this is a bad situation in the sense of maintaining a steady cut of lumber or of pulpwood. An extension of the line would allow a more sustained cut without depletion.

Mr. FISHER: Who controls the licensing in this area at the present time?

Mr. BALCER: This is provincial land.

Mr. FISHER: It is crown land, and are any of the lands under lease to any of the companies?

Mr. BALCER: I am sure there are, yes. There are also some free holdings in the area. I can give you some figures in this regard.

Mr. KEAYS: Mr. Chairman, perhaps I could answer that question. The lower part of this peninsula is under lease to the Canadian International Paper Company the Gaspesia Sulphite Company Limited; the Cascapedia Pulp and Paper Company, which is a subsidiary of the Bathurst Pulp and Paper Company, and all the sections in the north or on the south side of the St. Lawrence river are under crown land lease directly to small operators.

Mr. FISHER: I understand they try to sell to one of the big companies, do they?

Mr. KEAYS: That is right.

Mr. FISHER: I would like to ask about the appreciation in the province of Quebec in an economic respect of the establishment of a pulp and paper mill in the Gaspé area.

Mr. BALCER: I know that earlier in the present session of the Quebec legislative assembly there was some special legislation brought forward regarding the development of the Gaspé Peninsula, recognizing the fact that for quite a while it has been a depressed area. I know that at the present time there is some discussion of the establishment of a pulp mill somewhere in the Matane area.

Mr. KEAYS: Mr. Chairman, at the present time there is a pulp mill at Chandler. It is the Gaspesia Sulphite Company. That company is in the process of putting in the first paper machine and I understand that as soon as the first one has been installed the second one will be installed. This is at Chandler, of course.

Mr. FISHER: This contemplated rail line would not be of much use there unless there is an extension to that area.

Mr. KEAYS: For some years the Gaspesia Pulp and Paper Company has been buying pulp from the Maritimes; from Nova Scotia, Prince Edward Island and New Brunswick and has brought it in by rail instead of by water.

Mr. FISHER: Do you contemplate then a rail haul from Ste. Anne des Monts and back to Mont Joli, and then down?

Mr. KEAYS: Yes, and that is the logical way to do it.