

with outcrop ridges of sedimentary rock, alternating with depressions filled with swamps and muskegs. Such areas are often the home of potential mines, and it is here near Pine Point on the southern shore of Great Slave Lake that a large commercial deposit of lead-zinc ore has been blocked out.

The existence of this deposit has been known for years, the first claims in this area being staked in 1898 by miners on their way to the Klondike. The find, however, lay dormant for a long time until 1916 when some development work was done, and since then intermittently additional work followed in a haphazard manner up until 1948, when Consolidated Mining and Smelting Company Limited initiated a systematic and detailed exploration program, after having obtained a three-year concession over this area.

As a result of this development new claims were staked, and in 1951 Pine Point Mines Limited was incorporated to continue the development. By the end of 1954, after the expenditure of \$3 million, a large reserve of lead-zinc ore had been blocked out. It is claimed that it is the largest known proven lead-zinc ore deposit in the world, and that it runs into hundreds of millions of tons.

The proposed railway will, in the initial operation, probably serve 15,000 people living north of Grimshaw, and it will move products of the farm and the forest, fish from the northern lakes and concentrates from the mine. Had it not been for the Pine Point development it is very doubtful that the other segments of our potential productivity in that area would have warranted the expenditure necessary to build this railway.

The ore concentrates, however, will now provide sufficient tonnage at the start to warrant the building of the railway, and after it is in operation the general development of the area throughout its length will add enormously to the volume of freight to be made available. It is my prediction that this railway will prove to be a very profitable segment of the operations of the Canadian National Railways in the near future.

I would like to draw the attention of honourable senators to two important facets of this proposed development which will definitely affect our whole national economy, either favourably or unfavourably, depending on whether or not we pass this bill. These are: 1. Preparing for the proposed operations at Pine Point, plus the extending of the Trail plant to treat all resulting concentrates, will require a direct investment in the order of \$40 million. 2. If the Pine Point concentrates are not made available, in order to maintain the planned volume of refined lead and zinc, it will be necessary to import concentrates,

probably from South America, at a cost in the neighbourhood of \$20 million per year.

It is not necessary for me to point out to you how these two items combine to affect both our employment opportunities and trade balance. A quick mental calculation will convince you, I am sure, that we should proceed with this whole development without delay.

Bill C-126 is comparatively short, comprising nine sections in all. Honourable senators will see in the copies of the bill placed on their desks this evening that section 9 has been slightly amended.

I do not intend to give any detailed explanation of the bill at this time for if it receives second reading I shall move that it be referred to the Standing Committee on Transport and Communications for detailed study. The length of the proposed railway is approximately 438 miles and its estimated cost is \$75 million, plus 15 per cent for contingencies, making a total of \$86,250,000, up to which sum the Dominion Government will advance the Canadian National Railways.

In closing, I would draw your attention to section 6 of the bill which provides for negotiating an agreement that must be signed by the four parties directly involved, namely, Her Majesty, the Canadian National Railway Company, Consolidated Mining and Smelting Company of Canada Limited, and Pine Point Mines Limited. These four parties have now all concurred in the terms of an agreement which will be duly signed after this bill receives royal assent.

The controlling principles of the bill and the basic operation of the railway after completion are all tied into this agreement in detail. In fact, the agreement is the heart of the bill and, among other things, directs the flow of freight traffic emanating from the property of the Pine Point Mines.

As I have said, I shall not attempt to go into the details of the bill, but provision is being made to have copies of the agreement made available for the use of honourable senators at the meeting of the Standing Committee on Transport and Communications. I might say I have not gone into the details because the agreement is too lengthy to review at this time, but I would be happy to try to answer any questions honourable members might care to ask at this time.

Hon. W. Ross Macdonald: Honourable senators, we are fortunate in having the honourable member from Edmonton (Hon. Mr. Buchanan) with us tonight for, as he has stated, he has lived for many years in the area that will be mainly affected by this legislation. He knows the location of the railway and the potentialities of that part of Alberta. The honourable senator from Edmonton is a highly qualified civil engineer who has an excellent