

Senator BROOKS: This is not a guarantee that it would not cost any more than what is stated here. By Order in Council the Government could allow more money if the railroad costs more than it is estimated?

Mr. COOPER: Yes. It must not cost more than the estimate plus contingencies, except, as it says in clause 3, with the approval of the Governor in Council.

Senator BROOKS: It is a usual clause?

Mr. COOPER: It is the usual clause, yes.

Senator KINLEY: Suppose your costs go over that; what would happen in that event?

Mr. COOPER: Well, this situation would manifest itself before the day came when the last of the statutory money was to be spent and representations would no doubt be made to the Governor in Council well in advance.

Senator KINLEY: Is this cost excessive—\$163,000 per mile?

Mr. COOPER: It is a hard estimate of the costs of construction in this particular terrain.

The CHAIRMAN: This is quite a rough area.

Mr. COOPER: Yes. By way of contrast is the bill we had before the Senate last year for a short line in the area of Sarnia.

Senator KINLEY: You can build a spur two miles long without coming here?

Mr. COOPER: Six miles long.

Senator KINLEY: You have authority to do that without coming to Parliament at all.

Mr. COOPER: We have to go to the Governor in Council, but not to Parliament. But in excess of six miles its special legislation requires Canadian National to come to Parliament.

Senator KINLEY: Then do you have the company guarantee a certain amount of traffic which it can supply without your coming here?

Mr. COOPER: We have an agreement respecting the volume of traffic which supports the economics of this application.

Senator BAIRD: What about connection with the CPR line which is also in that region?

Mr. COOPER: Such connection would require construction of another 20 miles of line which would add considerably to the cost of the project and would leave unresolved problems of interchange and handling, and would substantially affect the economics of the whole proposal. We would be seeking perhaps \$15 million instead of \$11.1 million.

Senator BAIRD: Are the C.P.R. interested in that? Would they be interested in establishing a branch line from the mine?

Senator BENEDICKSON: Isn't that up to the Steel Company of Canada?

Senator BAIRD: They own the mine.

Mr. COOPER: The other railroad would require a different traffic guarantee to support the additional cost. I do not know whether there was an inquiry, but this matter now is being dealt with as between Canadian National and Stelco as an industry application to this railroad.

Senator BENEDICKSON: Are your arrangements with the Steel Company of Canada under your agreement absolutely firm to the extent that, if in a period such as we are now in—that is, a period of rising costs—115 per cent of your estimate is not adequate, are you enabled to get any better return from the Steel Company of Canada or are you stuck under the agreement to a certain amount of per ton revenue over a certain period of time?