

The CHAIRMAN: Are there any further questions?

Clause 1 agreed to.

Title agreed to.

The CHAIRMAN: Shall I report the bill without amendment?

Agreed.

The CHAIRMAN: Now, gentlemen, the second item is Bill C-63. We read the reference last night. I will ask the minister to explain the purpose of the bill.

On Clause 1—*Construction and completion.*

Mr. BALCER: Mr. Chairman, Bill C-63 provides for the construction of the line from Whitecourt, Alberta. You will recall that this is a proposal to build a 23-mile branch line from Whitecourt to the property of Pan American Petroleum Corporation in the Windfall gas field area. At that point a plant is now nearing completion which will produce sulphur from natural gas. This plant will be operated by Texas Gulf Sulphur Company Incorporated under an agreement with the owner of the property, Pan American Petroleum Corporation.

The salient facts from the point of view of the railway are that the cost of this 23-mile line is estimated at \$2,300,000. An agreement has been concluded between the railway company and the industry, providing for a guarantee of traffic from the industry for a period of 25 years, with provision, if the guarantee is not met, that appropriate penalties will be paid to ensure that the company is not out of pocket in any way in its operation. In addition, as you know, the industry in this case has agreed to make a cash contribution toward the cost of constructing the line, which money will be used before any funds are drawn down under this legislation, and it will serve to reduce the overall cost of the line to which I previously referred.

The officers of the railway who are here will be glad to advise you concerning the economics of the proposal and the prospective traffic which they hope will accrue to the line. The company has stated that the revenues which it will receive from the sulphur traffic will be sufficient to meet all expenses of operation and maintenance on the line and the cost of handling the traffic on the remainder of the system, as well as cover the interest and amortization of the railway's share of constructing the line, plus a reasonable surplus.

I am sure the bill will recommend itself to members as a splendid business proposition.

The CHAIRMAN: You have heard the minister's explanation. Are there any questions?

Mr. McPHILLIPS: I take it that there is an agreement in effect between the railway and the company.

Mr. BALCER: Yes. It has been signed.

Mr. BENIDICKSON: In principle how does this agreement with the sulphur company differ from the kind of agreement we dealt with last session in connection with the Slave lake and Pine Point railway? What distinguishes the two types of agreement? Why was it possible to give the details in one case and decide it was not in the public interest to give us the details in the case of the smaller branch line? In both cases do they not deal with one major shipper?

Mr. BALCER: Yes. But, as you will remember, there was government money involved in the Pine Point Railway. The taxpayer was called upon to subsidize the construction of that railway branch line; also, particular circumstances were involved due to the fact that Pine Point was a subsidiary of Cominco, and Cominco was a subsidiary of the main competitor of the C.N.R.