

company and the railway. If they fail to meet their guarantee we would undoubtedly lose a little money, but not much. But if they make their guarantee we hope to make money. It is only reasonable that we should share the risk with them.

In the case of the line from Thompson to Sipiwesk the outbound tonnage will be quite small because the International Nickel Company are putting in a mill, a smelter and a refinery so they will be shipping a refined product. Inbound tonnage will be much greater because there will be all the materials for the smelter and refinery, including coal and other things. It seems more reasonable in that case to put the guarantee in terms of gross revenue arising from the construction of the line, and the guarantee in that case is that the gross revenue will equal one tenth of the purchase price of the line each year for 10 years.

The CHAIRMAN: Are there any other questions?

*By Mr. Fisher:*

Q. Is there any possibility of any pulp traffic on these routes?—A. Yes, I think there is a possibility of pulp traffic. It may not arise on either of these branch lines. It is unlikely it will arise on a branch line but there is quite a likelihood of pulpwood traffic from the Hudson Bay Railway in this area.

Q. Who controls the limits up there now; are they held by anyone?—A. I am not quite sure.

Mr. RALSTON: There have been several people after the limits. I do not know, at the moment, who has them. The Manitoba government has been negotiating with several people in the last few years.

*By Mr. Marler:*

Q. I should like to ask one question in connection with the branch line between Optic lake and Chisel lake. The average cost per mile is given in the schedule at \$170,000 which I think was the cost that was mentioned by the railway company earlier when I had occasion to make representations to cabinet in connection with the project. Is that more or less a typical cost average with that kind of country?—A. I think it is safe to say, sir, that the cost of this line is estimated to be a little higher than average for several reasons. It tends to run across the grain of the country. You can see the drainage is down in this way. There is quite a lot of rock work and there is quite a lot of muskeg, and the other factor that will add more to the cost is that there is no suitable material for ballast except in the center of the line.

There is a large ridge of sand and gravel almost in the middle of the line, and it is the only place you are able to obtain suitable material for building the line, and it will be necessary to grade the line roughly from both ends. You can work from both ends because you can get your machinery in by road and roughly grade it, lay the track and, after the track is laid, haul the gravel and fill from this central point in both directions. The track is then lifted, and these various factors make the cost a little above average.

*By Mr. Chevrier:*

Q. How do they compare with the other line?—A. They are just a little bit high.

The CHAIRMAN: That is on account of red granite.

The WITNESS: I think it is granite in both areas.

*By Mr. Howe:*

Q. The witness indicated, or it is stated in the bill, that the estimated cost is \$170,000. I notice that the purchase price which International Nickel Company is being paid for the other line is \$180,000. Why would there be that