

Newfoundland

given it force of law; and even if it did imply that something was being done which could not normally be done under the British North America Act, that would not enlarge the British North America Act and would not serve as a precedent for doing it in any other manner than by going back again to the parliament of the United Kingdom. I am not conceding that it is beyond the purview of the British North America Act, but I am saying that, even if it was, by virtue of the confirmation of the terms by the parliament of the United Kingdom it would get the same legislative authority the British North America Act itself has. If the British North America Act does not allow a thing like this to be done normally, the fact that it was in the agreement with Newfoundland would not enlarge, for other cases, the terms of the British North America Act.

So I do not think we are in any way creating anything that is apt to be embarrassing in the future in any other respect than as an impediment to the trade in oleomargarine.

Section agreed to.

On section 47—*Income taxes.*

Mr. Jackman: I think we should call it eleven o'clock, because I hardly believe we can finish tonight. Is it the intention to try to finish the bill this evening?

Mr. St. Laurent: If it were convenient it would suit the requirements of another place, where they proceed more expeditiously than we do and where they are awaiting something from us in order to be able to continue their labours. If it could get through committee tonight it could be given third reading tomorrow and be available to the other place at the beginning of next week. However, I do not want to urge it too strongly. The clock is against me, and unless all hon. members felt that we should go on I would not like to ask that we do so.

Mr. Jackman: I should like to know the interpretation of clause (d), where it refers to earned income and investment income. In this paragraph is there any special treatment in regard to investment income?

Mr. Abbott: No. The purpose of this clause is to place the taxpayers of Newfoundland in exactly the same position the taxpayers of Canada were in when the pay-as-you-go plan was introduced in 1945, of course on the assumption that Newfoundland forgives its citizens the taxes for the first three months of this current year. Canada forgives them for the second three months, and the income tax commences July 1. There was no forgiveness, my hon. friend will recall, with respect to investment income of over \$3,000.

[Mr. St. Laurent.]

Mr. Jackman: It does not mean that investment income accruing in the first six months of the year will be taxed any more than earned income will be taxed?

Mr. Abbott: My understanding is that investment income over \$3,000 will be taxed for nine months of the year.

Mr. Jackman: And earned income for six months?

Mr. Abbott: Yes.

Mr. Jackman: With the permission of the committee I should like to ask a simple question in regard to section 41.

Mr. Abbott: That is, if it is not more than \$2,250, as the section indicates.

Mr. Jackman: If it is more than \$2,250, investment income will be taxed on the basis of twelve months or nine months?

Mr. Abbott: Nine months.

Mr. Jackman: In regard to section 41—

Mr. Knowles: On a point of order, Mr. Chairman, the hon. gentleman asks permission to go back to section 41, and another hon. member near me wants to go back to another section.

Mr. Abbott: We are on section 47.

Mr. Knowles: But the hon. member for Rosedale is asking permission to go back to section 41, and another hon. member is asking permission to go back to section 45. We might go on if we could finish in two or three minutes, but if it is going to take fifteen minutes or more I think we should call it eleven o'clock.

Mr. Jackman: Section 41 deals with payments to people in Newfoundland who may be unemployed, under the same conditions as unemployment insurance benefits. The actual payments will not be a charge on the unemployment insurance funds, I take it, because I am interested in the attempt to have actuarial solvency in connection with those funds.

Mr. Abbott: My hon. friend is quite correct. I explained this afternoon that we are including in the estimates a special item to take care of possible liability in that respect.

Mr. Jackman: When is it expected that the cost of servicing unemployment insurance will become an actual charge against the unemployment insurance fund directly, without any special recompense from the dominion?

Mr. Abbott: I am afraid I could not answer that question offhand.

Section agreed to.