

Newfoundland

Mr. St. Laurent: Would the hon. member permit me to say that I think he should probably wait until we are dealing with paragraph (a) of section 31 which refers in terms to the Newfoundland railway, the taking over of that railway, and the carrying on of its operations by the Canadian government.

Mr. Nicholson: The financial aspects are really what I wanted to discuss. The Minister of Finance gave a very low estimate. The Minister of Finance gave an early estimate, I would think, in the light of past performance, and the Minister of Transport was not here yesterday when I mentioned that freight rates in Newfoundland are about twice as high as in the maritimes. In this report I find that the present rate on whale oil from St. John's to Moncton is \$1.25, while the projected rate under the Maritime Freight Rates Act is 60 cents. The rates on whale guano are \$1.25 and 60 cents; on lingon berries, \$1.65 and 90 cents; on cod fillets, \$1.40 and 75 cents. The same thing applies to commodities moving to St. John's. The rate on fresh meat from Moncton is \$1.24, and the new rate will be 73 cents. The rate on condensed milk is \$1.58, and the new rate will be \$1. I also understand that present wages in Newfoundland are a good deal lower than in Canada, and that they are to be brought up to Canadian rates. I wonder if the Minister of Transport will indicate how the estimate of one and a half million dollars was reached.

Mr. Abbott: I said that was an early estimate, and we must not be held too closely to it. That estimate was made in 1947. As yet we have made no estimate beyond that which I gave today.

Mr. Nicholson: I think the minister revised his figures yesterday. I believe some member of the government should bring us up to date and give us some idea of the situation. Before many weeks I imagine the Minister of Finance will have to bring supplementary estimates before the house, and I should think at this stage he would be able to give us some idea.

Mr. Chevrier: Perhaps I can answer in a general way the questions the hon. gentleman has in mind. I believe he is raising three points now, though I did not see the questions he asked yesterday, and I am sorry I was not here at the time. In reference to the present financial position of the Newfoundland railway, the information we have at the moment is that it operates on a fiscal year basis, and that for the year 1948 there is a deficit of something in the neighbourhood of \$2,200,000; and that if the Canadian National Railways were to take it over under the terms of section 31, because of the increased cost of

materials, the increased wages and other incidentals in connection with the Newfoundland railway, the deficit would be in the neighbourhood of \$3 million, perhaps \$2,800,000 odd.

Then the hon. gentleman asked about the matter of wages. Unquestionably the wages of the employees of the Newfoundland railway will be brought up to the level of those of the Canadian National Railways.

He also asked some questions in reference to rates. I am unable to go into the detailed rate structure, which would be a matter of some length and would require a great deal of technical knowledge. I can tell him, however, that it is the intention to apply to the new province of Newfoundland the same basic rate structure which now applies to the maritime region. In other words, the basic rate structure which exists today in the three maritime provinces would be made applicable to the province of Newfoundland. That would mean, I should think, a considerable decrease in those rates. What it may be in the way of percentage it is difficult to say, because there are hundreds and even thousands of rates. The Canadian National Railways, were they to take over the Newfoundland railway, would file with the board of transport commissioners the basic rate structure for the island, and thereafter anyone who felt discriminated against could make an application to the board in accordance with the terms of the Railway Act and have his case adjudicated upon. I am informed upon fairly good authority that rates will be substantially lower than they are in Newfoundland at the present time.

I think I have covered the main points raised by my hon. friend.

Mr. Nicholson: I wonder if the \$3 million deficit mentioned by the minister included the proposed expenditure of \$1 million a year for ten years on improving the road. I believe the expenditure of \$10 million over a ten-year period is mentioned in order to put the line in better shape.

Mr. Chevrier: No; this is an operating deficit only.

Mr. Nicholson: On the basis of the lower rates or on the basis of the prevailing rates?

Mr. Chevrier: I would think it would be on the basis of the rates that will be made applicable after union. When my hon. friend refers to the expenditure over a period of some years, there is provision for capital expenditure in 1949 by the Canadian National Railways of \$925,000 for equipment already ordered by the Newfoundland railway, and \$500,000 for additions and betterments.