

Newfoundland

estimates were merely an indication of how much federal expenditures might be increased in some typical future year.

The table follows:

Heads of expenditure	Original estimate for a typical year	Estimate for fiscal year 1949-50
1. Tax agreement payment (including statutory subsidies)	\$6,820,000	\$7,800,000
2. Old age pensions	2,000,000 to 2,600,000	2,700,000
3. Family allowance payments..	8,350,000	8,400,000
4. Departmental expenditures..	9,400,000	22,000,000 (including capital and non-recurring items)
	\$26,570,000 to 27,150,000	\$40,900,000
	Additional	
Transitional grant	\$3,500,000	\$6,500,000
Cost of servicing debt	2,800,000	2,800,000
		\$50,200,000
Chief reasons for increase:		
Increased veterans benefits	\$1,500,000	
Health grants	1,000,000	
Increased tax agreements payments..	1,000,000	
Public works (purchase of buildings harbour installations, maintenance, new construction, etc.)	7,500,000	
Unemployment assistance	2,000,000	
Transitional grants	3,000,000	

As hon. members of the committee are well aware, costs as well as revenue have risen since 1947, and for much the same reason. For example, the tax agreement payments are expected to be at least \$1 million higher than the 1947 estimate. A third reason why costs are higher—I am referring here to expenditures which are a cost to the dominion treasury—is the fact that the terms of union extend to Newfoundland certain additional benefits which were not in the original proposals, such as re-establishment credits to veterans. It is also provided that Canada will take over certain services which it was originally contemplated would remain with the new province. In that regard I am thinking particularly of certain fisheries services. Then the Canadian government has introduced a system of health grants in which Newfoundland would undoubtedly participate on a major scale.

On looking over the estimates which have been submitted to me this year by the various departments I find that they are not altogether comparable with the estimates prepared in 1947. In one case, that of the Department of Transport, figures have been put in on a gross basis with no account being taken of offsetting revenues in connection with air services and so on. In the figures for 1949-50 I have made some offsets.

[Mr. Abbott.]

I want to stress again that the figures I have given are only estimates and that detailed consideration by the treasury board has not yet been completed. Also the departmental estimates as such have not been finalized, if I may use that word. The total of expenditures under these headings, if my addition is right, is approximately \$50,200,000.

No firm estimate has yet been made of possible railway deficit, but I might say that it was originally estimated that the deficit on the operations of the Newfoundland railway would run to something over \$1,500,000.

I cannot stress too strongly that these are only the best estimates that I can give at the moment and we must not be held to them as being firm figures. As I said before, detailed estimates have not yet been finally considered and approved.

Mr. Church: I should like to ask the minister a question with reference to the Quebec, North Shore and Labrador railway and the many natural resources to be found in that part of the country. My question relates particularly to section 23, section 24 and section 27, subsection 4. First with regard to section 23. There was some discussion in the British house regarding this matter shortly after the decision of the privy council in connection with Labrador had been handed down. At that time Newfoundland did not have a government of its own; it simply had a governor and a trusteeship.

Was any survey made under section 23 by the government of Canada in connection with the Loan Act of 1933 and the sinking fund established under that act? Certain parties in the parliament across the waters, who were opposed to the union of Newfoundland and Labrador, contended that the fund was not in a liquid state, and Canada assumes a debt accordingly. That is in so far as borrowing is concerned in connection with the sinking fund, for payment of the debt when due. I was wondering if any actuarial report had been received, because I cannot find it in *Hansard*.

The last question I have to ask is with regard to an agreement which was made by the government of Canada in a bill passed in 1947, involving the Quebec, North Shore and Labrador railway. By that legislation natural resources, power sites, pipe lines, ocean services, hotel services, public lands, wharves, railways, and so on, were given away. I was on the committee at the time. With respect to this private company, has the government of Canada any agreement with Newfoundland about what is to be done regarding the financial set-up of these Labrador properties, their use and purchase? The