

*Newfoundland*

by the minister, will a careful audit be carried out, and will they be taken over at the actual replacement value or at their value regardless of how much actual over-capitalization there may be?

**Mr. Abbott:** No valuation is placed on them. We take them over as an asset of the government of Newfoundland. As the Prime Minister indicated a moment ago, we have assumed the payment of the sterling debt, a large portion of which was incurred in the building of the railway, among other things. We will own the railway as an asset of the Dominion of Canada. As I indicated, the offsetting liability is a portion of the debt. I might add, the arrangement provides that the railway will be left with adequate working capital, stores and so on, and that is part of the adjustments which are made on union.

**Mr. Jackman:** After what my leader has said in welcoming Newfoundland into confederation, I am sure that we shall be glad to accept the young lady without any dowry whatsoever. But this committee is entitled to know just what revenues we are likely to receive from taxation in Newfoundland and also what the expenditures will be. The information which the Minister of Finance has given has been anything but illuminating. I do hope that he has not entered into a financial transaction on the scanty basis of information which he has so far given to the committee.

The document which was given to hon. members was printed in 1949. It refers to a conference series published in 1948. One might expect that the information would be at least reasonably up to date, but either the minister or the Prime Minister has said, when dealing with the federal revenues which we can expect from Newfoundland, that the original figure of \$20,185,000 had been upped by the Newfoundland delegation when they went back home and made a further investigation, and that they retained a very capable firm of accountants—I am sure they were very capable—who upped these revenues to an estimated \$26,922,000. Do we accept that revision of the estimate of revenue which we shall get from Newfoundland?

**Mr. St. Laurent:** We neither accept it nor dispute it. We shall get such amounts as will be provided by the present rates of taxation applied to operations which actually take place. These are estimates. We accept them as estimates, but we do not guarantee that these estimates will prove to be accurate.

**Mr. Jackman:** I am not asking for a guarantee. Of course they must be estimates in the very nature of things, but one certainly

does a little checking and double checking. The delegation met here with our own representatives for weeks, if not for months. Surely there must be a very good idea in the minds of members of the government as to what a reasonable estimate is. I am asking a specific question. Is the reasonable estimate in the eyes of our own advisers and our own responsible ministers \$20 million or is it nearly \$27 million, which was the final estimate of the Newfoundland delegation? That is a simple question. Surely the government holds at least a belief that it must be nearly one or the other. I know that when we apply our taxation laws to Newfoundland we get a certain figure. We do not know exactly what it is, but we must have made some estimate which we hoped would bear some accuracy, because it is simply amazing, when the budgets are brought down year after year and estimates are made running up to hundreds of millions of dollars, how accurate they sometimes are, although I admit that in the last few years the surpluses have been a little higher than the government could ever possibly have expected.

As members of this committee, we should inquire into what these probable expenditures are going to be. The minister, in his usual slapdash fashion, has said that the figure of \$27 million applies to transitional grants which are now \$6,500,000—

**Mr. Abbott:** Total payments. The main additional item, if my hon. friend will permit me, will be approximately \$14,500,000 under the transitional grants, the tax agreement, and other payments to the province. Add \$14,500,000 to \$27 million and you get up to \$41 million odd. Then there are veterans benefits of \$4 million or \$5 million, and one thing and another.

**Mr. Jackman:** It is this "one thing and another" to which I object. This committee is entitled to know what we are doing. As I said before, we are willing to go into this irrespective of any dollars and cents. The question of union with Newfoundland rises above that; nevertheless we owe a duty to our own people in Canada and we need the information. I would ask the minister not to give me a few figures on this and that and say, et cetera, et cetera, then arrive at \$50 million. What I want to know is this. What is added to the probable expenditures of \$27 million, which I think the minister said had to be revised upwards? I should like to know what the additional figures are. I want them itemized to make up the total of approximately \$50 million which the minister gave us. We have the transitional grants, which are \$6,500,000. Then we have the cost of servicing the Newfoundland debt, which I presume will be somewhere in the neighbour-