

Supply—Northern Affairs

by the hon. member for Vancouver-Quadra and the hon. member for Winnipeg North Centre; but as a first step I would ask the minister this question. Has any consideration been given to reciprocal arrangements within the commonwealth in respect of the payment of old age security?

Mr. Harris: I would not be able to answer that; I am sorry, Mr. Chairman. I suggest the hon. member ask the Minister of National Health and Welfare.

Item agreed to.

DEPARTMENT OF NORTHERN AFFAIRS AND
NATIONAL RESOURCES

Northern administration and lands branch—
Yukon Territory—

579. Grant to the government of the Yukon Territory to finance the balance of construction costs, in excess of \$1,700,000 already advanced as a loan by the government of Canada for this purpose, for the consolidated water and sewer system for the city of Whitehorse and the new residential area; such grant to be paid in the current fiscal year and any portion thereof that is not used for the purpose stated herein to be repaid, \$600,000.

Mr. Simmons: The original estimate for the water and sewer system in Whitehorse, prepared by competent engineers, was in the neighbourhood of \$1,700,000, \$700,000 of the cost of these installations to be borne by the territorial government and \$1 million by the corporation of the city of Whitehorse. The additional cost of \$600,000 cannot be blamed on anyone in particular, as one must realize that the costs of construction in the Yukon territories are exceptionally high as compared with other more thickly populated areas. In the Yukon the construction season is short, and if one tries to buck the elements he generally finds it to be an expensive venture.

In view of existing circumstances the local authorities in Whitehorse are not in a position to assume the additional financial burden of \$600,000. Government departments and agencies as well as the civilian population of the Whitehorse area would derive much benefit from a sewer and water system. Therefore this assistance from the federal government is very welcome and will be appreciated by all.

I wish to sincerely thank the minister for providing the necessary funds to properly complete the project to the advantage of all concerned, as it would be an utter impossibility for the local government and the city of Whitehorse to assume full financial obligation for this utility. It would place an entirely too heavy financial burden on them to assume the full responsibility for this project; therefore this will serve to indicate

[Mr. Herridge.]

to all hon. members that the federal government is fully aware of its responsibilities in assisting in the development of our northern communities.

Mr. Herridge: Mr. Chairman, I want to thank the hon. member for the Yukon for giving us this detailed explanation in the absence of the Minister of Northern Affairs and National Resources. We thank him very much and congratulate him.

I would like to ask the minister this question. How does the Yukon government repay loans to the federal government? What are the sources of income available to them from which they repay loans?

Mr. Harris: My recollection of the income of the Yukon territory is rather sketchy, because I have not considered it for something over approximately two years. I am sure the detailed information could be obtained from the hon. member for the Yukon.

Item agreed to.

POST OFFICE DEPARTMENT

581. Transportation—movement of mail by land, air and water, including administration—further amount required and to authorize and provide for the adjustment, as of October 1, 1956, of rural mail delivery contracts in effect on that date or entered into by way of renewal after that date, under the provisions of subsection (2) of section 33 of the Post Office Act, notwithstanding paragraphs (b) and (c) thereof, \$3,962,000.

Mr. Cardiff: Mr. Chairman, when the post office estimates were up the other day it was indicated, if I remember correctly, that there was a reserve of approximately \$30 million. Why is it necessary for the minister to pay back the sum of \$3 million.

Mr. Harris: Well, Mr. Chairman, the estimates we considered the other day were the estimates for the fiscal year beginning April 1. That would cover only those rural mail contracts which were adjusted in that year. This is for the purpose of adjusting contracts as of October 1, 1956, and represents the estimated cost of these contracts from October 1 to March 31. This also includes the increased costs for transportation by railway pursuant to the increased rates that were permitted by the board of transport commissioners. I think my hon. friend is referring to rural mail contracts, in all probability.

Mr. Cardiff: If the surplus of the post office was \$30 million, why is it necessary for the Post Office Department to pay them back; or does that \$30 million go into the general fund?

Mr. Harris: The surplus of the Post Office Department was approximately \$6 million, not \$30 million, Mr. Chairman, and this vote is not only to provide money for the purposes set out but it is to authorize the minister to do