

of two additional facts. In the first place the disparities in the total payments going to the Atlantic provinces under the new arrangements are a much better reflection of the relative position of the provinces than the marginal differences which result from comparing the results of the present and new arrangements projected to 1962-63. According to the hypothetical projection tabled at page 7927 of *Hansard* of the House of Commons on July 11, the total payments for 1962-63 under the new arrangements would be \$38,934,000 or \$83 per capita for Newfoundland, \$8,213,000 or \$78 per capita for Prince Edward Island, \$43,011,000 or \$59 per capita for Nova Scotia, and \$36,265,000 or \$59 per capita for New Brunswick. Under a projection of the present arrangements the total payments to Newfoundland would be \$37,227,000 or \$79 per capita, \$7,381,000 or \$70 per capita to Prince Edward Island, \$41,315,000 or \$57 per capita to Nova Scotia and \$35,762,000 or \$58 per capita to New Brunswick.

Moreover, it should be noted that the gains referred to by the honourable senator from Westmorland are the gains under the new arrangements for the first year only when the formula is at 16-9-50. Each point increase in the federal withdrawal from personal income tax will bring an additional benefit to the province of New Brunswick. This can be demonstrated by noting that if the final rate of 20 per cent of the personal income tax were used instead of the initial rate of 16 per cent the gain to the province of New Brunswick would be in excess of \$3 million. This is quite apart from any growth in the yield of standard taxes or natural resource revenue that one would expect from normal growth factors. It is obvious, therefore, that the disparities in the per capita gains to which the honourable senator has referred will be greatly reduced by the end of the five-year period.

BUSINESS OF THE SENATE

Hon. Mr. Aseltine: Honourable senators, my information is that at approximately 9.30 this evening we shall know more or less definitely whether prorogation will be possible tonight. Therefore I move that the Senate do now adjourn during pleasure, to reassemble at the call of the bell at approximately 9.30 this evening.

The Senate adjourned during pleasure.

90209-8-77½

At 11.45 p.m. the sitting was resumed.

RAILWAY PASSES

Hon. William R. Brunt: Honourable senators, before the honourable Leader of the Government (Hon. Mr. Aseltine) introduces the Supply Bill, I have a brief, and I believe a very pleasant, announcement to make.

It appears that the presidents of the two great railroads in Canada, Mr. Donald Gordon, President of the Canadian National, and Mr. N. R. Crump, President of the Canadian Pacific Railway, have had a conference with respect to passes for dependants of senators. As a result of this conference they have advised the Minister of Transport that both railroads will continue to issue for an indefinite period all the necessary passes which are required by senators for their dependants to travel over both of these railroads.

I feel sure that this is indeed very pleasant news for all honourable senators.

Hon. Mr. Macdonald (Brantford): Will these passes be honoured on the branch line to be built into the Peace River country, the construction of which we approved, by a bill passed the other day?

Hon. Mr. Brunt: When that railway line is built, I assure the honourable leader that they will be honoured.

APPROPRIATION BILL NO. 5 (1961)

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-132, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1962.

Bill read first time.

SECOND READING

Hon. Walter M. Aseltine moved the second reading of the bill.

Hon. Mr. Macdonald (Brantford): Honourable senators, before the Leader of the Government presents the bill, may I ask him if copies have been distributed?

Hon. Walter M. Aseltine: There are only about a half a dozen copies. The honourable Leader of the Opposition now has a copy, and I ask that the rest be distributed.

Honourable senators, I shall be as brief as possible in explaining this bill. It will be known as Appropriation Act No. 5, 1961, and provides for the passing of the remainder of the estimates which have not yet been voted, including supplementary estimates and further supplementary estimates. However, before dealing with the bill in detail, I should like