

Mr. MACLEAN (Halifax): I understand that there is authority for paying the interest during the period of construction. But where there was a surplus of earnings sufficient to pay the interest there would not appear to be any reason for paying that interest out of capital. The showing, I admit, is an exceedingly good one, and I merely wish to know why the interest should be paid out of capital under the circumstances.

Mr. MEIGHEN: Is it not the interest paid during construction, on the moneys invested in the harbour, that is charged to capital? That, of course, does not need to be taken into account in the annual returns. The interest after that is taken into account is paid and there is still a surplus for last year's operations.

Mr. LAPOINTE: That is right. We are still in the period of construction.

Mr. MACLEAN (Halifax): But the authority to pay interest out of capital during the period of construction does not necessarily require that it shall be charged to capital, if the public works in the meanwhile are earning interest, as apparently they were in this case.

Mr. STEVENS: My hon. friend will agree that in all works of this kind, during the period that the building or construction is under way, the interest is always added to the capital cost.

Mr. MACLEAN (Halifax): Usually.

Mr. STEVENS: In this case we are constructing a very large pier, which is not yet earning anything. It is not yet completed; it will probably be completed this coming year. During the period of construction, necessarily and in all fairness, the interest is added to the capital cost of construction. The moment that pier is completed and put into use and is producing revenue, then the interest will come out of the earnings of the port. I may add, to supplement what the minister has said, that the earnings of the port have been derived from tonnage dues and dues upon cargoes, as well as from charges for foreshore leases and other things of that nature. The object of the commission in the past has been to establish a strong financial position, which I think they have shown they have succeeded in doing. But it would be wholly unfair to ask them, before the completion of the pier, to pay the interest on its capital cost out of the revenue produced from other sources in the harbour.

Mr. MACLEAN (Halifax): That, of course, offers some explanation. Does my hon. friend know whether a large proportion of the net earnings came from other sources?

Mr. STEVENS: All of it.

Mr. MACLEAN (Halifax): None from the pier under construction.

Mr. STEVENS: None from the pier at all.

Mr. MACLEAN (Halifax): That makes a difference.

Mr. LAPOINTE: In the figures I gave I stated that the sum of \$4,524,800 had been advanced to the commissioners out of the loan of \$5,000,000. In that amount is included the sum of \$68,032 for interest during construction charged to capital account. We are supposed to have given them back that amount for purposes of construction, and it is deducted from the \$5,000,000.

Mr. MEIGHEN: The interest on the harbour proper—that is, on the constructed part—is not added to capital; it is paid out of earnings?

Mr. LAPOINTE: Yes. Now, while I do not know that I have anything to add, I might say this much. I should be obliged to the members of the committee if they would try to expedite the passing of this legislation in order that the works may be undertaken as soon as possible, and that at least a part of the proposed added accommodation may be open for the traffic of the next season's crop.

Mr. MACLEAN (Halifax): I hope my questions will not leave the impression that I am opposed to the expenditure, although I do think that hereafter, when large expenditures are contemplated in public harbours, they should be very closely examined. I know from experience in my own province that local interests are very insistent in making very large and unwarranted capital expenditures in harbours, and in many cases they turn out entirely useless and unjustifiable. It is very gratifying indeed to learn that at the present moment the port corporation of Vancouver is in a flourishing condition financially; and it is equally gratifying to hear the minister give the committee the assurance that he anticipates that that port will be able to earn sufficient to pay the interest upon the advances which the government proposes to guarantee under the legislation contemplated. I think it would be well, however, for the minister to indicate to the committee what are the esti-