

AFTERNOON SESSION

TUESDAY, July 15, 1958.
3.30 p.m.

The CHAIRMAN: Gentlemen, we have a quorum. We are now on item 431 of the main estimates:

Item 431. Prince Edward Island Car Ferry and terminals \$1,963,000

Hon. G. H. HEES, *Minister of Transport*: Mr. Chairman, this item covers the deficit of the Prince Edward Island car ferry. This year it is \$1,963,000 as opposed to \$2,270,640 last year, or a decrease of \$64,640.

The CHAIRMAN: Are there any questions?

Item agreed to.

Item 432. Newfoundland ferry and terminals \$3,637,000

Mr. CHEVRIER: Does this complete the construction of the terminals at Port aux Basques and North Sydney?

Mr. HEES: No. This is not capital. It is just an operating deficit.

Mr. CHEVRIER: But it says "Newfoundland ferry and terminals".

Mr. HEES: It is the operation of the ferry and the terminals from both ends.

Mr. CHEVRIER: How is the deficit so reduced? Why?

Mr. HEES: Well, as to the deficit for last year the 1957 figure included the operation of the North-Sydney-Argentia service and the North Sydney Island ports service for the full year. The 1958 estimate only includes provision for the operation of these services for six months and in addition heavy expenditures were incurred in 1957 in salvaging and repairing the *S.S. Cabot Strait* on account of grounding. It is also estimated that very substantial savings will be made in the cost of handling freight after the *M.V. William Carson* commences operating into Port aux Basques.

The estimated deficit for the full year for the North Sydney to Port aux Basques ferry, once it gets going, is estimated to be \$3,170,000 as opposed to a deficit last year of about twice that amount. It will be a less costly operation.

The CHAIRMAN: Are there any further questions?

Mr. CARTER: I would like to have the situation clarified. That is really a subsidy?

Mr. HEES: That is right.

Mr. CARTER: Most people in Newfoundland and possibly on the mainland associate that full total sum with the *William Carson*, but that is not so. That is a subsidy on all the C.N.R. boats which carry freight from North Sydney to Newfoundland, and it also includes chartered boats which carry freight from Halifax to points in the province of Newfoundland.

Mr. HEES: That is right.

Mr. GORDON: There is a gulf service and there is a coastal service.

Mr. CHEVRIER: The gulf service is not included in this sum?

Mr. GORDON: That is right.

Mr. HEES: This is for the North Sydney to Newfoundland run.

Mr. CARTER: That is the gulf service, North Sydney to Newfoundland.

Mr. HEES: No, it is for the gulf service which is included and not the coastal services.

Mr. CARTER: That is right. I said it was for any ship going from the mainland to the province of Newfoundland, whether it carried Canadian National freight or not, but only from North Sydney.