

on current account including railway, \$24,460,000. Now when Mr. Smallwood speaks, I would like him to tell me how any group of experts in Canada was able to break that down and then say that this part of it which they're going to take over, represents that part which would have been the responsibility of the Government of Canada if Newfoundland had been a province. The second part is more interesting still. "All sinking funds against this portion of the debt will be taken over by Canada". But the argument has been that that amount of the debt which they are taking over would have been the responsibility of the Government of Canada. Therefore Newfoundland was not bound to find any part of the sinking fund, or service of the debt, or anything of the kind. Therefore, if it makes sense, and I think it does, the \$9 million belongs to us.... That is the position, it is our money. It is money that we would have had in this country if that amount of money had been taken over by Canada, and this argument which they put here is right. I would like to ask the Ottawa delegation if that was put to the Canadian government. You will note that in the part of the debt which is left to us, we are left with our own sinking fund.

Next, our accumulated financial surplus. I got hot under the collar about that once before, and I'm not going to get so again. But I will point out that "Newfoundland will have the right within one year of union to deposit with the Government of Canada all or any part of the surplus held in dollars, and to receive interest at the rate of 2 5/8% annually during a maximum period of ten years after union on the minimum balance outstanding at any time in the year preceding payment of interest". I would draw your attention to the fact, that the people of Newfoundland today have on deposit with the Government of Canada an amount which must certainly be equal to, if not more than the surplus which the government has in hand, in that we have Dominion government bonds and our deposit of money is with the Government of Canada. We do not have to have any special wording put in here, if and when we wish to deposit money with the Government of Canada. We do not even have to have a limit of ten years.... It must be \$20 million which is actually on deposit today with the Government of Canada.... That really annoys me. I am sick and tired of hearing people tell the people of New-

foundland that they got to be protected against themselves, and that can be the only reason that clause was put there.

Now to contract rights arising from the advance of public funds. Well I suppose that if you were drawing any kind of a draft agreement, there are certain things which you would have to put in. That's the only excuse that I can see for putting that in there, for the simple reason it is our money. It's part of what we might have had if we hadn't put it out as a surplus. It might have been added to our surplus.... Subsidies to the provincial government. \$180,000 a year and 80 cents per head — \$1.1 million. It isn't an awful lot of money, but it's all to the good. It's something which Newfoundland can do with — an extra million dollars.... Clause 12 — tax agreement. Prior to 1939, the provincial governments of Canada, taken together, were spending more money than the federal government.... As a result of two world wars and the institution of certain federal welfare services, the federal government has had to get into its hands, to take care of Canada as a whole, a lot more money. During the last war they made war tax agreements with the various provinces. Since that time, tax agreements have been made with seven out of the nine provinces for short periods. Whether they were good or bad, I don't know ... but what we are asked to do is to assume that a tax agreement will be applied to Newfoundland, the equivalent of which in Canada has been the subject of bitter controversy for quite a few years. The formula itself Mr. Smallwood skipped over, because he knew that nobody in the room would understand it, and yet we are asked to assume that a tax agreement would be applied to Newfoundland, and we are given the probable expenditure of a tax agreement payment for 1947 of \$6,820,000. Now the point I'm trying to make is this, that we ought not to expect either this Convention or the people of Newfoundland to agree to an assumption that we would go into a tax agreement until it is very carefully studied by people who know precisely what they're doing. Now we come to transitional grant. We are going to get \$3.5 million for three years and that's going to tail off in the twelfth year. After that we get a reassessment of our position ...

**Mr. Smallwood** No.

**Mr. Butt** I'm sorry, you're quite right. Within