

persons who are ordinarily resident in the province where they are going to employ them. In other words, having taken over the Railway and the employees of the Railway; the broadcasting station and the employees of the broadcasting station; Gander airport and the employees there; the Customs offices' and the postal-telegraph offices' employees, and putting them under Canadian rates of pay; they have also got to establish brand new other federal services in Newfoundland as in the rest of Canada, and in doing so have to take on a large number of new civil servants who will be federal government civil servants. These must be Newfoundlanders.

Mr. Kennedy I question that.

Mr. Smallwood I would be willing to debate it any time at all.

Mr. Kennedy From 1935-37 — I was educated in Canada — I went through Nova Scotia and as far as what Mr. Smallwood said, I know there is no foundation for it at all.

Mr. Chairman There is foundation for it by virtue of the fact that he quoted from the Civil Service Act, section 63. If you are prepared to show that he is incorrect in that, there is some justification for your observation. You have to lay the foundation for the observation.

Mr. Smallwood One of the things that would happen if Newfoundland ever became a province, is that in a number of departments of the Government of Newfoundland there would not be as many employees needed as they have today. Take for example the Auditor General's department which audits everything the government runs. The government would not be running as many things; not as much auditing to be done; therefore the department would not need to be as big. The same thing applies to a number of present government departments. But in view of the fact that the Government of Canada would be introducing quite a number of new federal services that we have not got today and that they would be manning new departments, and must employ Newfoundlanders, obviously there will be many opportunities for men to be engaged in these new departments and for these civil servants in Newfoundland departments that would not no longer be needed.... We discussed that matter. There is a clear-cut understanding that the first men and women to get a chance in the new Canadian federal government departments to be

established in Newfoundland, if we become a province, will be Newfoundland government civil servants who no longer are needed by the Newfoundland government because some of the departments would obviously be smaller than they are today. In reply to Major Cashin, all the employees will be offered work in these services taken over by the Government of Canada. It is very clear — it is in clause 17, section 1....

Mr. Cashin What new opportunities of employment or departments are they going to open up here?

Mr. Smallwood Number one is, they have to establish a regional family allowances division. That is one. In every province the family allowance cheques are sent out every month, not from Ottawa, but from the provincial headquarters, so there would be one in Newfoundland.... An unemployment insurance office, a Department of Veterans' Affairs has to be opened. Major Cashin caught me short — I will have to sit down and make a list, I can have that Monday....

Mr. Higgins Are you prepared to say, under section 2 in our budget the delegation estimated, they did or did not take into account all the monies we said we would need?

Mr. Smallwood Not sufficient account. Major Cashin is looking at this from the standpoint of a budget. That is quite right. The budget he will find in the Black Books was drawn here in St. John's by the delegation weeks before we went to Ottawa at all, before we had the benefit of what we learned. That budget in many respects is very much out of date, and an entirely new one will have to be brought in. He would be well advised not to pay too much attention to the budget in the Black Books.

Mr. Cashin I am referring to the Grey Book. What is the revenue?

Mr. Smallwood It was drawn up before we went to Ottawa at all. We did learn quite a bit in Ottawa in our three months.

Mr. Cashin I think Mr. Smallwood will agree, when we start to tackle this, it has to be tackled from a financial angle and we have to look for money somewhere.

Mr. Smallwood We will meet that when we come to it.

Mr. Cashin With regard to section 3: "Pensions of employees of the Government of New-