

requested.

*Mr. Fogwill asked what would happen to the vessels owned by the government in the event of confederation?*<sup>1</sup>

**Mr. Smallwood** The reason is this — when we went up we had a list of all vessels or ships owned by the Government of Newfoundland. We even had the Customs cutters; we had the Railway steamships and Clarenville boats.<sup>2</sup> The only thing they refer to are those owned by the national government railway.

**Mr. Fogwill** You refer to 19 vessels, last paragraph, page 70.<sup>3</sup>

**Mr. Smallwood** That is the number of vessels owned by the government under all headings. They segregated those not owned by the Newfoundland Railway from those that are owned; they only deal with those owned by the Newfoundland government railway.

**Mr. Fogwill** The ownership of those would be vested in Newfoundland. What would be the position of a federally-operated boat and a provincially-operated boat in competition to the other?....

**Mr. Smallwood** It would be the same as exists today. In Newfoundland we have ships in the foreign and local trade not owned by the government in any sense of the word, competing with ships that are so owned. In Canada there is the Canadian government merchant marine, there are privately owned ships, and I daresay there are provincially owned ships. Various things could be done. Maybe the Canadian merchant marine could be asked to operate them.

**Mr. Fogwill** I am concerned about this. These are now operating. What would happen then to the vessels operating in competition between the federal and the provincial government?

**Mr. Smallwood** I cannot be expected to say, if we became a province, what that government should do with its own property. That would be its problem to solve in its own way....

**Mr. Bailey** Have you any guarantee that these ships would belong to the province — anything to go on? Do you know whether they would remain with the province or whether they would

be taken over by the federal government? These cost the government quite a bit and ... they are worth a lot. In fact they are one of the best assets the Commission of Government could have.

**Mr. Smallwood** I suggest the members might help me out in this — apparently the list of ships is not reproduced in this volume. Is no one present who can say anything definitely about these 19 vessels? Has the Railway got 19 vessels including the Clarenville boats?

**Mr. Fogwill** Nineteen would include Clarenville boats.

**Mr. Miller** Since we are considering clause 5, it says, "At the union, or as soon as practicable thereafter, the following services will be taken over by Canada and become subject to the jurisdiction of Parliament." I think Mr. Smallwood in his interpretation has to be governed by this Grey Book. It says further, "Newfoundland to be relieved of the public costs incurred in respect to each service after it is taken over". We will be relieved only in part of these public costs. We will be contributing to the taxes collected by the federal government, we will bear a proportion of this cost. A fair interpretation would be that the Newfoundland provincial government would be relieved of the cost, but Newfoundland as a people will pay a proportionate share of the cost into the federal government....

**Mr. Smallwood** Mr. Miller is right. There is not much need for concern over the wording of the clause. Incidentally, I hate to jump from one subject to another, but in connection with the Newfoundland Hotel, since 1932 it has lost \$162,000 to date on operating costs. I have that note entered here in my own writing.

**Mr. Chairman** I think you had better stick to the Railway.

**Mr. Bailey** It includes the Clarenville boats, do the others come under Customs?

**Mr. Smallwood** The Natural Resources own some. Some boats owned or operated by the Railway are owned by other departments of the government. They are left out of the picture. This has to do with boats run by the Railway. It looks as though those include the Clarenville boats.

<sup>1</sup>This summary is based on newspaper reports.

<sup>2</sup>The Clarenville boats or the "splinter fleet" were a group of ten wooden ships built at Clarenville during the mid-1940s. They were owned by the Department of Natural Resources, but operated by the Newfoundland Railway.

<sup>3</sup>In the Black Books.