

Railway system would be offered employment with the Canadian National Railways with the rights and privileges with respect to continuity of employment accorded to employees of the Canadian National Railways.

And then I sent this question:

Whether there exists a federal shipbuilding bounty, and, if so, to give an outline of the plan.

To which the Government of Canada sent the following answer:

At the moment no federal shipbuilding bounty exists in Canada. The recently-established Canadian Maritime Commission may be of interest to the National Convention in connection with shipbuilding. A copy of the Canadian Maritime Commission Act, 1947, is attached. Paragraphs 6 and 7 of the Act are relevant to the question of shipbuilding and related problems.

Another one:

I give notice that I will on tomorrow ask His Excellency the Governor in Commission to ask the Government of Canada if they would assist the National Convention in its consideration of the proposals for union by explaining in some detail the basis of computation of the table in Annex IV showing "Probable Federal Revenue" from Newfoundland in the event of union.

To that the Government of Canada has sent the following reply:

Probable Federal Revenues

Personal Income Tax — \$3,200,000.

In the absence of detailed statistics relating to the distribution by income classes of Newfoundland taxpayers it was necessary to make a number of assumptions which appeared to be reasonable as to the relationship between income distribution in Canada and income distribution in Newfoundland. The estimates of the probable number of taxpayers in each income group was then multiplied by the average tax paid by Canadians in the same income group in order to arrive at the total figure of \$3,200,000.

It was explained that these figures are tentative and subject to adjustment. If the detailed statistics of distribution by income classes can be provided for a recent year,

estimates of revenue could be made with greater certainty.

Corporate Income Tax — \$7,500,000.

The Canadian rate of corporate income tax, applying in 1948 in provinces which enter into tax agreements with the Dominion government, was applied to the latest estimate of taxable income of companies now paying taxes to the Newfoundland government. Estimates of taxes on dividends and interests, rents, banks, and insurance companies, were based on the latest figures of Newfoundland collections, corrected to take account of any differences between Newfoundland and Canadian rates.

Succession Duties — \$320,000.

The total amount of death duties paid in Newfoundland for the years 1940-46 in each category and the rates of tax for each category, were used to determine the total value of estates taxable during the six-year period. This figure was divided by the number of years in order to arrive at the average value of estates becoming taxable each year. The Canadian composite rate of taxation, as applicable in 1948, was applied to this average value and the figure of \$320,000 was the result.

Customs Duties and Import Taxes — \$2,000,000.

The estimate of \$2,000,000 additional customs revenue which would accrue to the federal government as a result of union is based primarily on an analysis of Newfoundland trade in the years 1943 to 1945.

Goods now imported from Canada would, of course, be duty free. In addition, there is every reason to believe that Canadian goods will be available at a price level which will induce a substantial shift in imports from outside countries to Canada, particularly in those lines where Canadian goods are now closely competitive with foreign goods in the Newfoundland market. Finally, it was necessary to apply Canadian rates (which are substantially lower) rather than Newfoundland rates to the remaining foreign trade. On the basis of the 1943-1944 Newfoundland figures (the latest complete data available at the time the estimates were prepared), estimates of potential Canadian customs