

Mr. Smallwood Now, sir, I am ready to reply to Mr. Hollett if everyone else is ready.

Mr. Higgins I take it I am not going to have an answer to that?

Mr. Smallwood I have already answered that question and I am not going to answer it again.

Yesterday Mr. Hollett drew to my attention the fact that in the government's estimate there appears an item which does not appear in this estimate of mine. It is in respect of ... the 3.5% loan, 1950, £569,796, and the 3.5% loan, 1952, £302,731, interest £30,539, or \$123,378. I did not include that in my estimate of provincial government expenditure, and Mr. Hollett wanted to know why I had not done so.

I said yesterday that it might turn out that I had been wrong in not including it, and if I was wrong I would confess so frankly, and I do now confess that I ought to have included that amount on the expenditure side, and I thank Mr. Hollett for drawing my attention to it. It is not an extremely important item. The interest on the one is £10,596, or \$42,000 a year, and the interest on the other is £19,943, or \$79,770 a year. Now one of them comes due in 1950 and the other in 1952, so therefore, if you have my estimate of provincial government expenditure by you, you might add in respect of the first two years of union \$123,378 a year. And in respect of the next two years of union, \$42,808. You see, after the first two years of union the first loan would have been paid off, and there would be no further interest to pay on it, and we would still have two years to go on the small loan, which is \$42,000 a year interest, and in two years that would disappear; so that averaged over the eight years, that would be \$41,000 a year average, or averaged for the first four years it would be \$83,000. So as I have done it by averages, you might add to the expenditure for the first four years of union \$83,172 a year.

Mr. Fogwill Mr. Chairman, I want to ask Mr. Smallwood, a question in respect of the civil service pensions of those civil servants employed by the Government of Newfoundland today, who would be employed by the Government of Canada if and when we become a province, and in relation to their employment, to their years of service in the Government of Newfoundland. Under clause 17, sub-section 2:

Canada will make all necessary payments in respect of such pension rights and may

deduct from any subsidies payable to the Province of Newfoundland any payments made in respect of pensionable service of such employees with the Government of Newfoundland.

Will those deductions be made in the form of payments to the civil service pension fund of Canada, or will they be made in respect of the accumulated service in the Government of Newfoundland, and would those civil servants be paid for part of their service under the Civil Service Act of Newfoundland, and part under the civil service pension fund of Canada? Would they be paid for as contributions into the civil service pension fund of Canada, that's what I want to know.

Mr. Smallwood I have Mr. Fogwill's question very clear. I will sort of review the whole position so that everyone will know what we are talking about. Mr. Fogwill would not mind that, would he?

Mr. Fogwill Don't make it too long.

Mr. Smallwood I will make it as long as necessary to make it clear to everyone, and no longer. Let us assume that on the day of union the Government of Canada employs certain people. That is the first time they become civil servants employed by the Government of Canada in Newfoundland. Say at the Railway they take on new men. Well, it is employees of the Government of Canada, it does not say civil servants in the clause. You passed the words, "Employees in departments or activities taken over by the Government of Canada."

Mr. Fogwill That is those persons who have acquired pension rights under Newfoundland law, therefore I was confining my remarks to actual civil servants.

Mr. Smallwood All right, we will deal with that alone. In departments of the Government of Newfoundland which the Government of Canada takes over, after they have taken over, they take on a new man we will say. So far as his pension is concerned, the Government of Canada is responsible for that as long as ever he works for the Government of Canada. But they will also be taking over men who are already in these departments, who are now civil servants of the Government of Newfoundland, and have acquired certain pension rights by working so long for the Government of Newfoundland. They go right on