

January 8, 1947

**Report of the Transportation and Communications Committee:¹
Committee of the Whole**

Mr. Smallwood I suggest that the Secretary read the report on the Railway.²

Mr. Hickman We have all had this report for three or four weeks and have had an opportunity to read through it. I move that it be taken as read.

Mr. Reddy I would like to see the report read. It is going to the outports and they are interested.

Mr. Job I second Mr. Hickman's motion. This has been published in the newspapers and to read it would be a waste of time. There are other reports to be brought in and some of them may take a whole day to read.

Mr. Smallwood It is true that this report has been published in the *Daily News* and in the *Evening Telegram*. I do not think it has been published in the weekly newspapers; and even if it had been in all the papers put together they do not reach more than a certain fraction of the population of Newfoundland. On the other hand, the radio does. It seems to me that all the people in Newfoundland and Labrador are entitled to all the information in this report and in all the other reports that may come before this Convention. It seems to me, not only desirable, but necessary, that it should come before the people of Newfoundland. I know of no other way it could be done.

[After some discussion, Mr. Hickman withdrew his motion, and the Secretary continued reading the report]

Mr. Higgins I note that Mr. Smallwood is making some allowance for customs duties and wages; did the Committee take into account the income tax paid by employees?

Mr. Smallwood Perhaps the Committee made a mistake even in mentioning the customs duties that the Railway paid the government if it raises an awkward question such as the income tax paid the government by employees. We did not consider the income tax paid by the Railway employees to the government.

Mr. Higgins What would the average wages of monthly employees be?

Mr. Smallwood The Railway employs 4,000

men. We did not break them down into different classes of wages and salaries. We took the total amount paid. Wages was one item of the Railway expenses. We showed the total for every year. We have shown the total cost of the Railway and the total income, the total loss and total profit in each year. If the report is full of statistics now, it would be more complicated if we had gone into the costs in detail.

Mr. Higgins I am not trying to be difficult. We have a picture of the net operating loss — it is costing so much money a year; is it not fair to assess duty and income tax also? That would reduce that loss.

Mr. Smallwood Yes, in a certain sense; but the same argument applies to every department of the government. Public Health and Welfare, for instance is spending \$4.5 million; you might find how many employees they have, what income tax they paid, and then if you like, subtract that and say the cost is that much less.

Mr. Higgins Is that not the real position though?

Mr. Smallwood It may be the real position when you take the nine reports and find out what is going back to the government in taxes out of the wages they pay. But why do it in a particular case if you do not do it in all cases?

Mr. Job I think Mr. Higgins is right. We know that the Railway is costing us money, but it is not costing us as much as we imagine it is. It would be of benefit if we could find what it is costing the country in an absolutely net way. It may be difficult for the Committee to get all details.

Mr. Smallwood If you do that, if you draw up an account and on the left hand side you show the total amount of money the government spent on wages, and on the right side you show the total income, if you show in that total income the part that is paid by their own employees in taxes, surely you would have to reduce it on the other side. Where would you end?

Mr. Hollett On page 4 of this report, paragraph 3, it says "It will be noted...." Has the Committee tried to find out why this sudden change?

¹Volume II:75.

²Volume II:103.