

on expenditure of \$3.5 million from a revenue point of view. They do help the primary industries. The railway system and roads and bridges help the fisheries and they help forestry. But they are not, in themselves, revenue producers, and I cannot feel there is much advantage in debating this report until we have had the other side of the picture. People have talked about the irreducible minimum of expenditure to carry along these services; but I think the irreducible expenditures will eventually be governed by the maximum revenues....

There is one other matter to which I would like to refer. Mr. Smallwood replied to a question in connection with duty on plates for the repair of ships. The duty is refundable on foreign ships, but it is not refundable on our own ships. I take it that applies to the Railway — the ships run by the Railway?

Mr. Smallwood Not local ships.

Mr. Job They presumably pay duty and it consequently increases the cost of operation. It is the same with our local mercantile marine. I do not know how we are going to expect to compete with other people in working up a mercantile marine when that condition exists. The Railway itself is the largest employer of mercantile marine at the present time. I suppose one of these days we will again be sending all our produce abroad in foreign ships, because they are operating more cheaply, and it is not right that these duties are charged against our own ships when they have to compete with these ships. Ninety percent of our fish was shipped, in previous years, in Norwegian ships and they gave very good service. It is a sad thing being a naval people that we cannot work up a good mercantile marine of our own and run our own ships. Things like this question of duty have something to do with it.

Mr. Smallwood It is a pleasure indeed to find myself in such complete agreement with Mr. Job. Anything charged in the repair of local vessels on the Newfoundland Dock is an imposition, a burden on local shipping. As a free trader, an anti-protectionist I would say that all our productive industries should be exempted from customs duty.... I would say sweep out the customs duty, have free trade, and do away with this protection. If our local mercantile marine has got to compete with any other merchant marine, then it is necessary to reduce the costs of operation. The same

thing applies to fish. We are competing today with Canada, Iceland, and Norway in the marketing of fish. That job is made hard for us because the fishing industry is paying customs duty. Let's wipe out those duties and lower the cost of producing fish, while we are wiping out the cost of repairs on the dock by wiping out duties altogether.

Mr. Ashbourne I don't see why these ships coming into Newfoundland and using our dock should not pay the duty on the stuff that goes into them. Does anybody think these ships would ever come here if they did not have to pay? Why should our own ships have to pay it, and foreign ships get a rebate of duty? I must say I feel very strongly about the matter, and while discussing the dockyard I would like to ask Mr. Smallwood the number of people on the payroll.... Now it may be that you have not that at hand, but I would certainly like to know how many people are on that payroll with over \$1 million....

Mr. Smallwood I could give the official explanation, not meaning that I agree with it all. If Mr. Ashbourne had a vessel and she needed repairs, and he decided to repair her down in Twillingate and he had to use materials for those repairs he would get no rebate of the duty on the material, and the government takes the stand that whether that is done by himself in Twillingate or done for him at the docks in St. John's, it is the same situation as far as customs duty is concerned. In other words, all the local merchant marine pays duty on certain things used in the repair and operation of their ships. Now why should any difference be made for foreign ships going on the dock? Their answer is that by charging duty on material used to repair a local vessel on the dock they are only doing what that vessel has to do if it is repaired anywhere else in the country, but in getting a ship from outside they are getting something new, and they have to be in a position to compete with other docks, and for that reason the duty is paid back. That's clear to me, not saying that I agree with it, but I can certainly see that if you going to have duty on the local you must have it off on the foreign or you will not get any foreign ships to do. It's probably a bit cheaper for a man having a local ship repaired on the dock, because it reduces the overhead, therefore making it a little cheaper for local vessels.