

of Canada and any legislation of the Parliament of Canada (such as the Maritime Freight Rates Act, 1927, and amendments) providing for special rates on freight traffic moving within, into or out of, the Maritime region will, so far as appropriate, be made applicable to Newfoundland.

There is not much to explain on that. The first one is that Canada would operate a steamship service between North Sydney and Port-aux-Basques, with suitable provision for the carriage of motor vehicles; but that would not be done until the road between Corner Brook and Port-aux-Basques is completed. What is in mind — what you want is a ferry on which a car which started, say, in Texas or in any part of Canada, could drive along the road, drive to North Sydney, drive on to the motor ferry, land in Port-aux-Basques.... The other point is clear, the railway rates would be regulated by the Board of Transport Commissioners. It is made clear in 3(a) that traffic moving back and forth across the Gulf ... will be treated as a railway. The Maritime Freight Rates Act passed in 1927 and in force ever since was to this effect, that freight hauled anywhere within the region is hauled at the regular rate, but the government pays 20% of the freight rate; the man who ships it or receives it pays 80%. By making Newfoundland part of the Maritime region, any freight put aboard anywhere in Newfoundland, shipped to anywhere in Canada ... would be shipped at a reduction of 20% in the freight rates. In the same way, any freight that originated anywhere in the Maritime region on the mainland of Canada ... coming to Newfoundland by rail would be hauled at a reduction of 20% in the freight rate. There is another act, an act under which feeds, animal and poultry feeds shipped to the extremities of Canada ... are free of charge, no freight charges on any amount, from Fort William or Port Arthur all the way down to Halifax or St. John. If Newfoundland became a province, feeds for animal and poultry would be hauled here ... without costing one cent for freight, which is a very important item in any consideration of livestock or poultry raising. I do not know if there is anything else I can add.

Mr. Cashin In connection with travelling on the Canadian railway at the present time, is it not a fact, in addition to the passenger rates, there is

15% on top of that in taxes?

Mr. Smallwood Whether there is a special tax on travel? Whether it is still on?

Mr. Cashin It is on.

Mr. Smallwood It is a wartime tax, put on during the war to help finance the war effort. Most of them have been cut out. If it is still on, it is due to be abolished.

Mr. Cashin He does not know whether it is going to be cut out. We have no guarantee. It is on every transportation facility in Canada. There are lots of people in Canada who sent money down here to buy tickets in order to avoid paying 15%.

Mr. Smallwood All during the war.

Mr. Cashin We have no guarantee. Does it exist? And as the government has not indicated it here at all, will it be cut out? As far as we know, it is not going to be cut out. We have no clear-cut promise. If the railway collected \$2-3 million in passenger fares, that would be \$300,000 or \$400,000 we would have to pay in taxes for travelling....

Mr. Smallwood He is right when he says there is no guarantee that Canada is going to cut out the wartime tax on travel. The guarantee, if it is a guarantee, is in the budget speeches of the Finance Minister who has announced in the budget speeches that it is their intention to abolish all the wartime taxes. We know for a fact that they have abolished a majority of them....

Mr. Chairman There is nothing here to show that there is a wartime tax and that it would be abolished.

Mr. Cashin With regard to abolition, it is a matter for the Transportation Board to recommend to the government.

Mr. Smallwood Nor the wartime tax.

Mr. Cashin The railway collects the 15% tax and hands it over to the federal government. There is nothing here to show it is to be abolished and until such time as it is abolished, we cannot say it is. As things are today, it means an extra million dollars to people who travel around Newfoundland and who travel abroad.

Mr. Smallwood Major Cashin suggests that \$7 million will be spent in travelling, and with 15% on that, if that is kept up, \$1 million will be taken out of the peoples' pockets on wartime travel. I doubt very much if the people in Newfoundland will spend \$6 million or \$7 million on passenger