

ships, it makes a big difference to the arrangements here if these are taken over by the railway or not. If the province keeps them, they are worth to the province perhaps a couple of million dollars. As it is favourable to Mr. Smallwood's argument, I thought perhaps I should mention it. **Mr. Smallwood** I intended to give notice of question to the Government of Canada to have that matter cleared up definitely. When they say here in the clause the Government of Canada will take over "the Newfoundland Railway including steamship and other marine services", I intended to give notice of question to ask if that includes the Clarendville boats. I thank Mr. Job for that kindly gesture and we will have that matter cleared up.

*[Regarding civil aviation, it was pointed out that Gander airport would be taken over by the federal Department of Transport, which would assume full responsibility for, and the costs of the airport]*¹

Mr. Smallwood Clause 5, sub-section 5, Customs and Excise. That means, the only customs tariff would be the Canadian customs; the only customs officers we would have would be the Canadian government customs officers; they would be the same men we now have, but they would be employed by the Government of Canada customs department and not by the Newfoundland customs department, because there would not be any Newfoundland government customs department.

Mr. Fogwill On page 15 of the Grey Book, you have listed estimated revenue for the federal government, customs duties and import taxes, \$2 million. I would like to know what volume of goods that covers, and at what percentage did you arrive at that?

Mr. Smallwood In answer to that, I have not arrived at it; it is not my estimate; that is the estimate of the financial, fiscal and customs experts. I would ask Mr. Fogwill if he will be kind enough to hold that over until we come to it, and I will tell him why. He is aware that there has recently been enacted 100-odd trade treaties involving tariff reductions, and that Canada is involved in those arrangements; they are multi-lateral agreements, the same with 23 countries, of which Canada is one, Newfoundland is one. I

am hoping to get the tariff reductions to be brought into effect at the end of the year in Canada as in other countries, and have the information brought here, and I think we will be much better able to go into that matter than we are now.

Mr. Fogwill I am satisfied to that, but I would like to know if Mr. Smallwood has any information now; we could use that, and if he gets some later on, we could use that.

Mr. Smallwood I would like to have the story at one time rather than a story which would have to be modified in the light of subsequent new information. We have to come to it, obviously. I think in the meantime, possibly it would be good policy from the standpoint of making progress here if we came to that when we came to it.

[Mr. Smallwood stated that defence was a federal responsibility and involved military projects in peace time as well as in war. Mr. Bailey wanted to know where Newfoundland was going to get the money to pay for the maintenance of any army and navy.]

*Mr. Smallwood then introduced subsection 7 dealing with the pensions and rehabilitation of war veterans and merchant seamen. After a short discussion the committee decided to adjourn until 8 pm]*²

Mr. Chairman When recess was taken at 6 pm, arising out of clause 5, sub-section 7, in which Annex 1 is to be incorporated by way of reference, it was proposed that you would read the annex in question, beginning page 7 and ending on page 8. If it meets with your approval, you might at this time read the Annex in question.

Mr. Smallwood While I was at tea I had a telephone call from Mr. Ballam who was a member of our delegation committee that dealt with veterans' affairs in Ottawa. He had a very slight operation this afternoon and on the advice of his doctor is not supposed to go outdoors tonight. He was wondering if the Convention would be kind enough to pass by number 7, Pensions and Rehabilitation of War Veterans and Merchant Seamen — and come back to it when he is present.

Mr. Chairman I have no objection. We have plenty to occupy our time. If members are in compliance with Mr. Ballam's request, may I suggest that we defer further consideration of this

¹Newspaper report.

²Newspaper report.