paragraph 5 of that Quebec act provides that before the first of May in each year all such reports (that is of their work) must be given to the minister, as well as a certified account by the auditors of the amounts actually spent. Paragraph 6 provides that the company must in the calender year 1946 spend $25,000, and during the calender years 1947 — 1951, $39,000.

Mr. Smallwood How does that compare?

Mr. Higgins That compares with our $50,000 for 20,000 square miles. Paragraph 7 provides that the company can only acquire 300 square miles. In Newfoundland they can get up to 1,000 square miles. You will note in paragraph 7 of that act it says definitely that they are definitely obliged to mine on or before January 1, 1958, and if they don't mine on or before January 1, 1958, their licence to mine may be cancelled at the option of the government, and that proviso also applies if they fail to comply with putting in their claim. We have no such proviso. The country could be tied up for 50 years for $64,000 a year, and a mining license or lease could be acquired up to 8 square miles. Paragraph 10 provides that they have the right, during the period of ten years from the coming into force of the Quebec act to have a strip of land 10 miles in width contiguous to the area reserved for them. That is really one thing that they don't have to pay anything for.... Paragraph 11 gives the right for the period of 60 years for the concession. As I said before, our act provides that they may have a non-mining licence period at 5 cents per acre for 50 years, and a lease period for 90 years. They have 60 years. We gave them, for 5 cents an acre 50 years, and 90 years at 50 cents an acre.

Sub-paragraph C of paragraph 11: "The Company shall pay to the Government of the Province ... $100,000." That is altogether apart from any rental or anything else, but, as I must point out to you again, if the company operating in Newfoundland-Labrador acquires the whole area under a mining lease they are obligated to pay $320,000. If they don't make $320,000 per year by the way of net profit, or at least royalty on net profit, whatever they make they can deduct from that $320,000. And they are not obligated to take that amount. They can take any part of it, or tie the whole thing up for 50 years.

Paragraph 12 provides that if there is an interruption in the shipments of ore in Quebec, if they don't ship for two years, they may have their licence cancelled. That's another little thought. Paragraph 14 provides for payment out of the annual profit resulting from the area.... I want to make a few comments then on the thoughts which are shown in that act....

[Mr. Higgins continued to compare in detail the Quebec and Newfoundland legislation, focusing on deductions allowable from gross profits before the calculation of royalty]

Mr. Chairman I would like to point out that this is an act of some 24 pages, drawn up presumably by lawyers, meant to cover the legal rights and immunities anticipated by the company or necessary in their operations, and that we, as a Convention of this character, cannot possibly go through all the details of legal interpretation in the course of an afternoon's debate. If we are going to go into it in that fashion I will have to suggest that we adjourn this debate and study it a little more.

Mr. Job I agree with you. I think we are wasting a lot of time.

Mr. Chairman I think so.

Mr. Higgins All right, but you will note that there are several deductions that we have in our act that do not apply at all to Quebec. I will draw your attention to these....

In other words our corporation tax on that company is deducted from the royalty. In the Quebec act it is not deducted.

Mr. Smallwood Paid to any local authority, municipal council is it?

Mr. Higgins Well, if they had a council down there as well.

Mr. Smallwood Oh, yes.

Mr. Higgins You have a list of duty deductions in that act. I have to point out that with respect to customs duties that may not be such an important detail in Quebec, as most of the articles they use would be Canadian manufacture, but there would probably be some articles that they could not get in Canada and would have to import. If they pay any duty here it is deducted.

Mr. Chairman Looks like the royalty will be based on net profits as well.

Mr. Higgins Definitely, and it looks like net profits will not be very great. Before you go into the discussion of the matter we can give you further details from our minutes, and the act is open now for your discussion at this point if you so wish, and I will answer any questions I can on