

Co. was not paying enough to them. They had to dig down and pay the operating deficit because they gave Buchans and other companies lower freight rates than they should have. That's not paid to the government, but to the Railway, so you have to cut that in half.

**Mr. Higgins** This Committee calls the Railway the Newfoundland government.

**Mr. Smallwood** All right, the government lost money. If I gave you \$100 and it costs you \$110 for me to pay you that, I have not given you any have I?

**Mr. Higgins** No.

**Mr. Smallwood** Well, if Buchans pay the Railway \$6.5 million for hauling their freight, and it cost the Railway \$7 million, then the government had to pony up half a million dollars.

**Mr. Higgins** That does not say that Buchans cost the country anything for the Railway.

**Mr. Smallwood** Of course it does. At the moment we are only considering Buchans. Others are doing the same. I feel like making a motion that "Payments made the Newfoundland government" be cut out. It is misleading.

**Mr. Hollett** I had something to do with the compilation of this report, and I don't want the Convention to get the wrong impression from Mr. Smallwood's remarks. He seems to have got the idea that we should keep our ores in the ground and let them stay there till the next millennium. I fail to see what value ores are if they are not dug out and sold. I see no reason why we should keep them there. If we go back to the other table ... we find they contributed 7.6% to the revenue of the country. Mr. Smallwood thinks that duties do not go into the Newfoundland government. I wonder where they do go? They surely went into the general revenue of the country. Royalties certainly did, income tax — there should be no doubt about that, and the trouble seems to be concentrates, freights, etc. I will tell you what Buchans get from the AND Co. for that amount. We will forget that the cars are loaded with ore when they leave Buchans. They send two trains a day from Bishop's Falls to Buchans to haul away ore. The AND Company put two engineers and one brakeman and one conductor on the Newfoundland government's engine. That is connected up on the cars owned by the Buchans Mining Co. The government finds just the engine

and three or four men to manipulate it. They go to Buchans and load up and come back again, and the only part of the Newfoundland Railway which is touched by these cars is the railway between Millertown Junction and Bishop's Falls. In other words, during the past 19 years the AND Co. for concentrate freight, have paid \$5,375,420, for supplying an engineer and the men to drive it, to haul their own cars to and from Millertown Junction and Bishop's Falls. I think that looks a very good showing.... We merely threw the point out to the Convention, the value of that little hole in the ground up in Buchans, away in the heart of the country, which would have been of no value whatever if certain corporations did not secure certain sums of money. It would have been there yet, and this country would have been deprived of a great deal of money, over \$40 million. Our men would have been deprived of labour to the value of over \$5 million; we would not have received over \$4 million in royalties, income tax, etc., so I fail to see why Mr. Smallwood gets so hot under the collar on this question. I would like him to hold fire until he sees the report which we shall put in about the Bell Island and Labrador operations. I felt pretty hot under the collar too when I saw some of these figures, but we were definitely informed that ore is absolutely valueless until it is dug out, freighted from the country and sold. It seems to me that if the proper deal had been made in the first instance, we would either have got more money, or the corporations concerned would not have taken the chance. I am prepared to state that the less taxes you can put on capital coming into this country in the endeavour to locate ores and send them out — I would almost go so far as to say we should let them import all their machinery free of duty, the better it will be for this country.... I think the Buchans Company have made a jolly good thing out of this. I am glad they have, and I think the country has made a very good job out of it too.

**Mr. Smallwood** I agree with so much of what Mr. Hollett says, that it seems ungracious to disagree in part. The issue is not whether we should be glad to have Buchans or not, of course we are glad, but Mr. Hollett has summed up for me better than I was able to do myself the whole attitude to this whole business. He said we should be grateful about those mining companies com-