

If it has to be done for the Railway it will have to be done for every other department.

Mr. Job They state definitely here that the duty paid by the Railway was \$213,915 in one year, and in another year it was \$167,636, so that if that was deducted from \$700,000, it would be more like \$500,000. The loss is considerably less than \$700,000.

Mr. Smallwood I want to know why that amount should be deducted. Why should you deduct what the government pays back to the country on what they import? If a firm on Water Street pays so much to the government in customs duties, and if that firm pays income tax and profits tax, how is that any different from the Newfoundland Railway paying customs duties to the government?

Mr. Job One is a public utility.

Mr. Smallwood The government pays \$700,000 a year for the past 30 years, but the Railway being an importer of certain goods pays duty on these goods the same as a commercial firm. Mr. Job wants to know why that should not be deducted, but the point is not what the Railway is costing the country, but what the Railway is costing the government. We are dealing with public finance. What the Railway is costing Newfoundland is this: what is paid out by the Railway is paid by Newfoundland. Now the government pays out so much more; in addition Newfoundland is supporting the Railway by travelling on it and paying fares, sending freight, etc. The general economy of Newfoundland is doing that, but the government is making up the difference. Between the public and the government the Railway gets a certain amount of money — enough to pay their expenses. They don't get enough to pay their expenses from the public.

Mr. Job I don't want to take any part in that suggestion at all. I just want to say what is the meaning of that sentence, "All the modifying factors being taken into consideration." But you have not deducted them.

Mr. Smallwood No, we are taking them into consideration, but we are not deducting them.

Mr. Job Then, you have not taken them into consideration.

Mr. Hollett Would that reply be suitable or satisfactory for the years 1922-23 and 1923-24? 1922-23 showed a loss of practically \$600,000.

The next year showed a loss of only \$6,000. Would the same reply be given?

Mr. Smallwood Yes. In 1922-23 the Railway lost \$593,000. Next year the loss was only \$6,500. The reason is exactly the same. In that year the Humber¹ began, and a tremendous amount of tonnage was hauled on the railway, which gave them a sudden increase in their revenue, and that was not offset by an increase in their expenditures or costs of operating, because they did not have to take on additional employees, and they did not have to pay large amounts of additional money for coal.... Pass on to the next year, 1924-25 — they lost \$328,000, because that big heavy traffic in connection with the starting of Humber had more or less passed away, and their costs did begin to creep up again.

Mr. Hollett Why did they creep up again in that second year?

Mr. Smallwood I am sure Mr. Hollett does not expect me to know the details of all these years. We all remember the Humber, but exactly why in detail their costs rose each year, I do not remember.

Mr. Hollett At least one thing you can remember?

Mr. Reddy Did it ever occur to your Committee that the Railway is overstaffed at present?

Mr. Smallwood I can't say whether it occurred to the Committee. I can only say it never occurred to me that the Railway is overpaid, and it still does not.

Mr. Reddy To my mind, sir, the country believes that the Railway is overstaffed.

Mr. Figary I want to assure Mr. Reddy that the Railway is not overstaffed. In Argentina a few days ago there were two boats at the dock, and they had 30 men there in order to get those two boats ready for the southwest coast. Not only at Argentina, but at other places along the railway there should be more staff. I have been working with the Railway since 1914, and I can say that the Railway is not overstaffed.

Mr. Fogwill I wish to support Mr. Figary. I don't think they are overstaffed. Sometimes the men may have more to do than at other times, but I have worked there since 1924 and I know that often we have had to put in too much overtime.

Mr. Smallwood Mr. Reddy ought to give us some indication of where and in what particular

¹The Humber project — the building of the Corner Brook newsprint mill.