

Mr. Chairman, I have shown that unless our accumulated surplus, consisting of some \$16 million at present held in sterling funds, is converted to dollars, we would only have around \$4 million left to finish these hospitals, extend our road system and perform other necessary capital expenditure. The completion of these buildings, like the sanatorium at Corner Brook as well as the finishing of the St. John's General Hospital and other institutions will take at least another \$3 million. Therefore we would only have \$1 million available for road expansion.

Under the programme outlined in the Economic Report, we forecast an annual expenditure which includes \$1.5 million for roads and general public works — a total of \$5.5 million. That represented a cut in this particular department of around \$3 million. These cuts were made up of the elimination of any deficit on the Gander operations, together with capital expenditures there, amounting to \$1.15 million. Another \$1.75 million was taken from the vote covering the construction of new buildings and hospitals, as it was our idea to complete these institutions from our present accumulated surplus, or if we had acquired more surplus than our anticipated \$5 million, we could have continued the construction and allowed the accumulated surplus to remain intact, to be used, as we pointed out, only in case of great national emergency. Mr. Smallwood, therefore, has eliminated any requirements for new road construction or the further expansion of buildings, which, in my opinion, should require between the two, not less than \$2 million yearly. Therefore, I suggest that the vote under the heading of the Department of Public Works should not be less than \$4 million under a provincial form of government. We must

take into consideration that many roads have been begun and the continuation of their construction is essential to the general welfare of the country, particularly from a tourist policy angle....

Now take the three departments of main expenditures under review, namely Public Health and Welfare, Public Works and Natural Resources, which at present employ some 2,500 Newfoundlanders who are paid in annual salaries approximately \$2.5 million annually. We find that under Mr. Smallwood's proposed provincial plan several hundred would be stricken from the payroll, whilst in addition, the hundreds of workers on the construction of new roads would be deprived of another \$1 million yearly in wages. Also, if we take into consideration the curtailment of our educational system, we would find that salaries of our teachers, long overdue for adjustment, would remain unchanged.

Mr. Chairman, I have made a brief survey of the four main departments of government which would be affected under union with Canada. With your permission, the permission of Mr. Smallwood and the Ottawa delegation, I now propose to give what in my opinion would be the necessary monies to administer the affairs of Newfoundland under a provincial government. I give these expenditures under the various headings as follows:*

It will be seen from these estimates under the various departmental headings, that in my opinion the cost of administering the affairs of Newfoundland as a province of Canada would be at least \$19.25 million, possibly \$20 million annually. This is absolutely the lowest possible on which this country as a province could be administered, unless we are compelled to cut our

*	Department of Finance (Administration)	\$ 200,000
	" " (Pensions)	202,000
	" " (Interest and Sinking fund)	375,000
	" " (Prov. legislature)	200,000
	Assessor of Taxes	10,500
	Dept. of Home Affairs	300,000
	Dept. of Education	3,750,000
	" " Justice	1,100,000
	" " Natural Resources	2,500,000
	" " Public Works	4,000,000
	" " Pub. Health & Welfare	6,500,000
	Board of Liquor Control	<u>135,000</u>
	Total	\$19,272,500