

companies selling electricity and gas...

**Mr. Cashin** The Convention is selling steam.

**Mr. Smallwood** Yes, we are selling gas and steam both, but I am afraid we are not selling it, we are giving it away.

**Mr. Cashin** And getting \$15 a day for distribution.

**Mr. Chairman** I think, Major Cashin, if you don't mind you might indulge yourself less...

**Mr. Smallwood** It may be a joke to Major Cashin, but it is not a joke to many people in this country, which I think he will find before he is many years older.

**Mr. Chairman** Never mind that now.

**Mr. Smallwood** Well, sir, he invited that. I put that down as \$50,000 a year, being half the corporation tax that the Government of Canada would collect from all companies in Newfoundland whose main business is the sale to the public of electricity or gas. Now the transition grant is \$2,843,750.

**Mr. Hollett** That's the average you mean?

**Mr. Smallwood** That's right. That's the transition grant. That is got in this way: in the first eight years of union the Government of Newfoundland would receive from the Government of Canada, under that one heading \$22,750,000. Divide that by eight, and it is an average per year of \$2,843,746. Now, add these up, and it will come to \$13,901,900. Now that would be, for the first four years of union, the revenue of the Government of Newfoundland as a province from all sources, under all headings ... which leaves the provincial government short of balancing its budget, short \$1,236,875. That amount, if it were got by the provincial government, would enable it, in the first four years of union, to balance its budget and break even; and that amount has got to be got, and that is the amount in fact of new taxation that would have to be placed on the people of the province, and I say "new", not additional. I do not say additional taxation, I say new taxes. \$1,236,875 and you would balance your budget for those four years, and in doing so the total picture would be this: the total provincial taxation on the Newfoundland people: \$4,570,075; the total non-tax revenue, total revenue to the provincial government not from taxes: \$10,568,700; and the two together, added up is \$15,138,775. That is the first four years of union.

**Mr. Cashin** If I might interrupt for a moment, Mr. Smallwood has given us a lot of information in connection with these figures, and there is no record, except the reporter here of course, and the only thing we have got to look at or read is the expenditures and revenue. There is no explanation on it at all. I take it he should have a set speech, and I think every member should have a copy of it.

**Mr. Smallwood** No, I have no set speech.

**Mr. Cashin** Well it's no good.

**Mr. Smallwood** These figures of revenue are in great detail, and you will receive it tomorrow on your desks in mimeographed form in very considerable detail.

Now, finally, I come to the second four years of union, and again the figures are the average each year for the four years. Expenditure \$15,138,775. Now add to that expenditure, to cover new services and increased expenditure, another \$500,000, and your grand total expenditure for the second four years, per year, is \$15,638,775.

**Mr. Hollett** Now you are budgeting for four years from now are you?

**Mr. Smallwood** The second four years, average per year. It is average per year remember.

**Mr. Hollett** For eight years?

**Mr. Smallwood** For eight years. Only I am not budgeting.

**Mr. Chairman** He is on the fifth of the eight years, the second four year period.

**Mr. Smallwood** The second four years of confederation, so you start off needing to raise each year for these four years \$15,638,775. Where are you going to get it? Well put down revenue, and under the heading of revenue put down taxation, \$4,570,075. Now put down additional taxation, that is not additional taxation, but additional yield, additional revenue from existing taxes. Forestry, \$200,000. Motor licenses and vehicular licenses, and drivers' licenses and the like, an additional \$150,000. Liquor, additional, \$250,000.

**Mr. Hollett** What would that be, another \$250,000?

**Mr. Smallwood** That's right. Gasoline tax additional, \$250,000. Now, so far as motor licenses are concerned, that \$150,000 and gasoline tax, that extra \$250,000, and the \$400,000 per year extra revenue from roads in the second four years