

Mr. Fogwill. Do you mean to say that you are only taking now the excise tax and excise duties, and the general customs duties? Is that what you are adding up that figure on, and if so would you give us the total figure of \$30 million, I think it was?

Mr. Fogwill The total figure I have is \$10 million different from the Canadian government estimate. In other words, \$10 million higher. \$30 million would go up the river.

Mr. Hickman That would be all federal taxes instead of provincial?

Mr. Fogwill On that score, if these figures are correct — they may not be — I am prepared to back them up — in addition, there are some increases in income tax which I am not competent to assess. Then you have provincial government tax which we have heard so much about these last few days. It is estimated at \$5-9 million. In addition, the increase in income tax will probably bring up taxes to \$36-37 million separate and apart from corporation tax, which may remain substantial as it is now.

Mr. Higgins Your figures do not include income tax at all?

Mr. Fogwill No.

Mr. Smallwood I wonder, would Mr. Fogwill mind telling me his basis for the figure arrived at of \$400,000 through the travel tax he thinks the Government of Canada would get from Newfoundland? He says he applied, I believe, 15% on the actual value of tickets sold by the Railway last year; is that what I understand? And he found out the value of tickets sold on steamers and trains last year, and having got the value of that he merely applied 15% to that value sold by the Railway last year?

Mr. Fogwill I applied it to your own Transportation and Communications Report. I did not apply 15% tax to sleeping berths or parlour car seats. I applied it to the amount of tickets sold by the railway and steamers.

Mr. Smallwood I think we have it fairly clear now. The Newfoundland Railway charges certain rates for passenger fares on trains and boats. I believe on trains it is 5 - 7 cents a mile. In Canada, when you buy a ticket on a train or plane or any kind of transport, besides the amount of the ticket, the railway or airline collects 15% tax from you, which they pass back to the Canadian government. The fare and the tax, together,

comes to 3½ cents a mile. If that is true, confederation would mean this: with our transport system operated by the CNR, and with the rates being charged, we would pay 15% travel tax when we buy the ticket and that tax and the fare would come to 3.5 cents a mile, where now we have to pay 5-7 cents a mile. If Mr. Fogwill would take the total value of tickets sold last year by the Railway, deduct from that what would have been paid at the Canadian rate, then add 15%, instead of \$400,000, it would be half. He can cut that in half. On top of that, our people would be hundreds of thousands of dollars in pocket by getting cheaper travel.

Mr. Higgins I think Mr. Fogwill's point was merely the additional monies the federal treasury would get, not the question of rates being cheaper.

Mr. Smallwood Why not take the value of tickets and apply the Canadian rate to it?

Mr. Fogwill All right, reduce it 50%. I am satisfied.

Mr. Cashin Why was not the value of tickets sold in Canada put in the report?

Mr. Smallwood It is not an Encyclopedia Britannica — Eaton's Catalogue is not in it; Simpson's is not in it. He estimates the Canadian government will take \$20 million in taxes. One of the items he takes is travel tax, \$400,000. I asked him how he arrived at that figure. Now he says, "Cut it in half."

Mr. Fogwill I said I was willing to cut it in half.

Mr. Smallwood He said he added 15% to the value of tickets sold last year by the Railway. But that value was Newfoundland value — these were rates charged by the Newfoundland Railway. The Canadian government is not going to take 15% travel tax from us unless we become a province, and if we become a province, one of the conditions would be that the rates charged on the railway would be the CNR rates.

Mr. Hollett What are the Canadian rates?

Mr. Smallwood 3.5 cents a mile, including tax, as against 5-7 cents in Newfoundland. Mr. Fogwill says, "Cut it in half", and you would collect \$200,000.

Mr. Fogwill I did not compute sleeping car berths at all.

Mr. Smallwood All that boils down to is you pay 15% on travel tickets and 15 cents for berth.

Mr. Fogwill 35 cents.