

you will have to consider is whether they do not need to be further extended.

We have also provided in 1946-47 for \$11 millions in respect of reconstruction and special expenditure. As I explained in my last budget speech, of which copies are available to members of the Convention, reconstruction expenditure, which we might alternatively call extraordinary expenditure, relates to important extensions of existing services and to new projects, mostly of a capital nature, such as new hospitals, public buildings, roads, harbour improvements, etc., which are essential for progressive development of economic and social conditions. It is expenditure which could be drastically reduced, even if not completely cut off, if financial stringency dictated such a course, although it would mean leaving a number of works unfinished and would be a most unfortunate happening so far as the development of the country is concerned. We have applied the term "special expenditure" to certain recoverable advances which we are making, mainly by way of loan, such as advances to the St. John's Housing Corporation. It might reasonably be argued that this is not expenditure at all in the true sense, but we have included it in the budget in order to get statutory authority and to show a complete picture.

The main items of reconstruction expenditure, which for 1946-47 amounts to \$8 millions, are in respect of advances to the Newfoundland Railway for capital improvements, the cost of improvements in the internal telegraph system, costs of civil re-establishment and vocational training, grants for the extension and improvements of school buildings; schemes for the development of the forests, fisheries and rural districts under the Department of Natural Resources; improvement and reconstruction of roads and bridges and the building of new roads, the construction of new hospitals and other public buildings and of new harbour facilities, the provision of homes for indigent persons, etc., all under the Department of Public Health and Welfare such as that for the extension of the general hospital at Corner Brook, and special assistance to new local councils. Details of these reconstruction services can be obtained by reference to the current estimates as well as to the memorandum on reconstruction and development schemes which has been prepared for your information.

Members will no doubt wish to consider this memorandum at greater length. As is explained in the opening paragraphs of the memorandum, the schemes which are not already in hand must be regarded as tentative. Progress would depend entirely on the availability of funds and particularly on the state of current revenue, out of which it would be hoped to meet as large a part as possible of such reconstruction expenditure, with the object of conserving the island's surplus balances to meet the needs for a rainy day. It is pointed out in the memorandum that, while a considerable number of the schemes would not involve additional recurring costs of maintenance, in other cases such a consequence must be considered. This is of particular importance in the case of new roads, which call for heavy recurring expenditure in maintenance. On the other hand, some of the schemes should lead to increased revenue or the saving of expense. I have previously referred to special expenditure, which amounts in the estimates for this year to approximately \$3 millions. Over \$2 millions of this is in respect of loans for housing purposes; \$250,000 is for loans for the development of the fishing industry; and the balance is required to finance operations at the Gander Airport, the cost of which we hope to recover. This is a matter about which the Commissioner for Public Utilities and Supply will be able to give you further information.

If you will refer again to the table on page 5 of the White Paper, you will be able to trace the growth of revenue from \$9.6 millions in 1934-35 to an estimated \$30 millions in the current year and an actual revenue of over \$33 millions in 1945-46. Present indications are that actual revenue in the current year will exceed the estimate as, you will be glad to hear, actual collections are in advance of the revenue which we had received in the corresponding months of last year. We are still experiencing a "boom" economy which has not yet begun to recede. How long we can expect this happy state of affairs to continue is a matter of conjecture. In any event, we can, I think, expect a considerable increase over the level of revenue attained in the years before the war. Just as the depreciation in the value of money has increased government expenditure and earnings generally, so we may expect a corresponding increase in ad valorem customs