

not included, listed below:\*

The forgoing total does not include:

- (1) Payment under the transitional grant to the provincial government of Newfoundland of \$3,500,000 annually for the first 3 years of union, reducing gradually thereafter according to the terms of the grant;
- (2) Costs of servicing that part of the Newfoundland debt assumed by Canada;
- (3) Any costs in respect of the Newfoundland Railway or its auxiliary steamship services, taken over by Canada;
- (4) Any capital expenditures.

It should be made clear that the expenditures estimate relates to the *additional* expenditures arising from inclusion of Newfoundland and therefore does not include any of the costs of servicing the present Canadian debt or any other costs now being borne by Canadians.

That is the reading of it. If I could be permitted, perhaps I might be able to make a few remarks. What we have here is an estimate made by the Government of Canada of how much it would collect from the people of Newfoundland in taxes and how much money they would spend in Newfoundland under one heading or another. What we are going to deal with is their estimate of how much money they would collect from Newfoundland. This estimate was made not by government members. It was made by financial authorities, experts, employed by the Government of Canada in the Department of Finance and the Bank of Canada.... We met some of them — Mr. M.W. Sharp, who sat in with us, a man with a mind which you would rarely meet with in this life, with a wealth of information at the tips of his

fingers. We met also, from the Bank of Canada, Mr. J. Coyne and Mr. A.D. Skelton; and Mr. Watts, who has visited Newfoundland and who is the author of some of the economic data appearing in the book of Dr. MacKay; also Dr. Weeks. These estimates were made by those men — top-notch economists depended upon by the Government of Canada in its own financial and economic affairs.... They made estimates based on two kinds of information — one, the information which the Ottawa delegation furnished, and two, the information they had gathered throughout the years from the Department of Finance and the Auditor General. They had made a study of Newfoundland conditions and public affairs, and Newfoundland trade and commerce. One of the most important sources of information was the Canadian Department of Trade and Commerce which is represented here by Mr. Britton, Trade Commissioner.... They have a most intimate knowledge of our trade and commerce.... They have an exactitude of knowledge about our trade that I imagine no one in Newfoundland possesses today. Of course, it is their job. They have that same type of information about other countries with whom they do business. On the basis of all this information, the experts have made these estimates of what revenue the government of Canada would get from the people of Newfoundland if we became a province. I want to draw your attention particularly to the first couple of lines of the third paragraph, their calculations of what they would collect from the Newfoundland people.

Revenue calculations for example, are based on a continuation of present levels of economic activity in Newfoundland and of

*	Tax agreement payment	
	(1947 estimate)	\$ 6,820,000 <sup>(1)</sup>
	Old age pensions	2,200,000
		to 2,600,000 <sup>(2)</sup>
	Family allowances	8,350,000
	Other departmental expenditures	9,400,000
		\$26,570,000
		to \$27,150,000

Note (1) \$15, per capita, plus population grant, the grant for government and legislation as contained in the BNA Act, and the special subsidy of \$1,100,000 adjusted for population and GNP changes.

Note (2) The estimate of old age pension payments by the federal government assumes a \$30 per month basic pension of which the federal share is 75%. A range is indicated because of lack of information as to the income status of those in the over-70 category.