

is \$3,333,200. That is the total revenue by taxation that would probably have to be imposed on the people of Newfoundland each year by the provincial government for the first four years of confederation. Now just hold that figure in your minds, gentlemen — \$3,333,000 in taxes. Remember the word “taxes”, revenue from taxation put on the people of Newfoundland by the provincial government each year for the first four years of union.

Now we can get along and sort of draw a balance sheet, and I want to make it very clear that in the first place I am dealing with the first four years of union now, until I tell you, and I want to make it clear that these figures are average. I cannot see, not having the gift of second sight, exactly how much revenue the provincial government would take in in the first year, or the second or the third or the fourth, I can only estimate an average. We start off. If you would like to draw a balance sheet, gentlemen, take paper and write down: expenditure — \$15,138,775. Now where are we going to get that? Now make another column — revenue — from taxation on our Newfoundland people, put on by the provincial government, \$3,333,200. That's taxation we are now collecting. That's under taxes which we already have and which we will have still if we become a province. They will still be Newfoundland taxes.

Mr. Crosbie The federal government collects taxes as well?

Mr. Smallwood Of course, but today we are not dealing with federal government revenue, but only provincial.

Now surplus — \$600,000. That is assuming that we take our entire surplus, our cash surplus, taking it at \$28 million, converting all of it to dollars and putting it on deposit with the Government of Canada at 2 5/8% interest, which they offer to do. \$28 million accumulated cash surplus ... assuming that the provincial government drew out of that each year an average of \$3 million for the purposes of the province. That would leave so much in the fund each year drawing interest at 2 5/8 per cent. I have worked out the table if you would like to hear it.... I have called it \$600,000. That's for the first four years of union. \$600,000 interest on our surplus at 2 5/8 percent.

Now the third item, refunds, \$254,950. I will

explain what that is. The Government of Canada will pay to Newfoundland \$666,000 on account of Gander. The House will remember that the Newfoundland government is under contract to pay the Canadian government \$1 million for their share in Gander. It cost \$25 million, and we agreed to pay \$1 million. We have paid \$333,000, and we have to pay another \$333,000 this year, so that is \$666,000 which the Government of Canada will pay back to the province. Now you will also remember that the Government of Canada has agreed to pay back the cost of the two boats¹ that are being built in Scotland now, not including the *Cabot Strait*, and that's a total of \$1,373,000 that these boats are costing us that the Government of Canada is going to pay back in cash. Now the two amounts put together, for Gander and for those two boats, is \$2,039,600.

Mr. Hollett What is that for, two boats you mean?

Mr. Smallwood Yes.

Mr. Hickman Would that be every year for four years?

Mr. Smallwood No, divide that by eight years and it comes to \$254,950, which is what I have down as refunds. I could not think of a better name so I called it “Finance”.

Mr. Cashin Frenzied finance!

Mr. Smallwood Well, call it what you like. Major Cashin will have lots of opportunities to put all kinds of names on it.

Mr. Hollett You mean \$254,950 from Gander and the boats, is that what you mean?

Mr. Smallwood Divided by the first eight years of union, so that is per year \$254,950. Now the Tax Rental Agreement, \$6,820,000. Have you got that down? Now put down another item of \$50,000, and I hardly know what to call it.

Mr. Cashin That's pretty dumb.

Mr. Smallwood I may be pretty dumb, I have that reputation, but I was born that way; the name I have called it is “Gas and Electricity”, and the position is this: under the Tax Rental Agreement the federal government, in addition to the payments it makes, pays back to the province half of the corporation tax that the federal government collects from companies in Newfoundland whose main business is the sale of electricity, gas or steam. Now there is no company that I know of in Newfoundland selling steam, but there are

¹The *Bar Haven* and the *Springdale*, which were sister ships.