

of union, by which time we should have in Newfoundland a lot more miles of road than we have at the present time and therefore a lot more cars, buses, trucks, and a lot more drivers and a lot more gas consumed, and if we should have a tourist trade a very great increase under these headings, but I am putting them down at what I consider to be modest and conservative increases.

**Mr. Hollett** May I interrupt you there, Mr. Smallwood? You say in the second four years we will have much more roads than we have now...

**Mr. Smallwood** Yes, we have a road building program now. All these deal with ordinary expenditure.

**Mr. Hollett** But you have cut out...

**Mr. Smallwood** No, I have not cut out. Don't forget I have also pictured for you \$3 million a year being withdrawn from accumulated surplus. Some of that will be spent on roads no doubt. However, to go on.

**Mr. Hollett** That would be reconstruction wouldn't it?

**Mr. Smallwood** That would be capital expenditure, or extraordinary expenditure, or reconstruction. It would not be ordinary, but when a government sets out to build new roads you can't call that ordinary expenditure.

**Mr. Hollett** But that's an ordinary budget.

**Mr. Smallwood** That's right, any extraordinary account, etc., is not in this.

**Mr. Hollett** Well, you have taken some from the surplus to build roads. What do you call that?

**Mr. Smallwood** No, I have not taken it for any purpose. If we put \$28 million on deposit I have imagined that we draw out \$3 million a year. I have not said a word about what we would spend

it on.

**Mr. Hollett** That, as I see it, is to balance your ordinary budget isn't it?

**Mr. Smallwood** To draw the interest, not to draw capital account from your deposit. I have not said a word about what that \$3 million a year would be drawn for, obviously for reconstruction and capital expenditure which does not appear in this at all. The total then in taxation on the people is \$5,420,075. Now that is the total of these items I have just read.\*

**Mr. Hollett** \$625 out?

**Mr. Smallwood** Now just put this down please: total provincial taxation, revenue from taxation: \$5,420,075; total revenue from non-tax sources: \$10,218,075; and add that up. I see I have not added it. It is a total of \$15,638,150.

Now, I just have one more observation to make. It is this: if, and I say "if," these estimates are reasonably correct, reasonably realistic, it would mean that in the first four years of union — no, I have got to go a step further — if these figures are reasonably correct and if the federal government's figures of their revenue are reasonably correct ... \$20 million that they would collect from us, and \$4.5 million that the provincial government would collect from us, would give us a total of \$24.5 million for the first four years of union — per year that is — \$24.5 million grand total taxation on the Newfoundland people, put on by the federal government and the provincial government. That would be a per head taxation of \$75 on the average. It does not mean that every child and every infant and every man and woman, boy and girl would pay \$75, but on the average it would be a per capita taxation of \$75 per head. That is for the first four years of union.

*	Taxation	\$ 4,570,000
	Forestry, additional	200,000
	Motor licenses, additional	150,000
	Liquor, additional	250,000
	Gasoline tax, additional	250,000
	Total provincial taxes on the people	\$ 5,420,075
	Now added to that, from your surplus	299,375
	(See it's come down, it was \$600,000 for the first four years, but for the second four years it is \$299,375)	
	and from refunds, the same amount	254,950
	and Tax Rental Agreement	6,820,000
	and Transition Grant	2,843,750
	and grand total revenue of the government each year for those four years is	\$15,638,150