

It will be seen by this statement that the subsidies offered by Canada to defray the cost of the services left to and to be borne by Newfoundland would leave a deficit against the colony to be raised by direct taxation or otherwise of \$232,994, thus:-

Local Services as per 1894 estimate	\$738,594.00
Canadian subsidies to defray same	505,600.00
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	\$232,994.00

Added to this would be the interest on \$7,497,334.73 the portion of the public debt of Newfoundland which Newfoundland would have to assume, which at 4 per cent would be \$299,193.

In other words, if Newfoundland joined the Dominion under the above terms, and maintained the various services as they are now maintained, she would have to raise by direct taxation for local purposes \$532,187.

And even supposing these local services could be reduced to come with the Canadian subsidies of \$505,600, there would still be \$299,193 interest on balance of public debt left the colony to be met.

It must also be borne in mind that on the expiration of Mr. R.G. Reid's operating contract, the colony would have to operate her whole system of railways; this would have to be borne by direct taxation, which for maintenance and operation over and above income, may be put down at \$150,000.

Further, maintenance of telegraph lines, \$18,000.

Inspectors of railways, \$4,000; Government engineers, \$4,628 would also have to be borne by the colony; it would then be-

Shortage on subsidy	\$232,994.00
Interest on public debt	299,193.00
Operating railway	150,000.00
Telegraph maintenance	18,000.00
Government engineers office	4,628.00
Inspectors of Railways	4,000.00

To be raised by direct taxation	<hr/> \$708,915.00
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