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Financial Statement

OF

The HON. A. J. MATHESON

TREASURER OF THE PROVINCE OF ONTARIO

Delivered on the 20th March, 1906

IN THE

LEGISLATIVE ASSEMBLY OF ONTARIO

on moving the House into Committee of Supply

PRINTED BY ORDER OF
THE LEGISLATIVE ASSEMBLY OF ONTARIO



TORONTO :
Printed by L. K. CAMERON, Printer to the King's Most Excellent Majesty.
1906.

*Int. Dept. of Treasury and Economic
Taxation and Fiscal Policy Branch
Budget*

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Budget Speech

DELIVERED BY

HON. A. J. MATHESON

March 20th, 1906.

MR. SPEAKER : In rising to move that you do leave the chair, I propose at this time to give some account of our receipts and expenditures for the last year, and of our expectations for the present year. In doing so, Sir, I wish to thank the House for their great kindness, on the last occasion that I had to explain the finances of this Province, in listening to a somewhat lengthy speech, lengthened by necessity, in that we had a new Legislature and a larger number of new members than in any House since Confederation, to whom many of the matters then entered upon and discussed were comparatively new. At this time I propose to be as brief as possible.

Last year, in giving an account of the finances, I had to deal with the management of our opponents. This year it is somewhat different, though the finances of the year were not altogether in a sense under the management of this Government, yet they were mainly so. Our friends on the opposite side of the House must consider when they criticize the expenditures of this Government for the past year, that they themselves are to some extent responsible. For instance, we found in the month of July last a full page advertisement in one of the papers of the Liberal party, of which we knew nothing, and found afterwards a bill for \$400 going to pay for it. We naturally looked for the authority. We then found that the honourable member for North Grey gave the order for it previous to the former administration going out of power. We found in addition such items as this : For the Asylum at Hamilton, then under the management of my honourable friend from Brockville, (Mr. Graham,) an order

for twelve lawn mowers, given in the month of January. (Laughter.) Presumably to clean off the snow. (Renewed laughter and applause.) Time and again, Sir, in the accounts of the past year, items of that nature have been found, and I trust that our honourable friends will not lay the blame for the whole of them to our credit.

We had a prosperous year in 1905, and I think we are not altogether egotistical when we claim that our good business management had something to do with the prosperity of our finances during the year. The total receipts for the past year were \$6,016,176.42; the total payments were \$5,396,016.74, leaving the excess of revenue of this Province for the year 1905 over all expenditure, \$620,159.68. (Applause.)

Of the revenue, the bonus on pine timber sales held under the former Government \$520,000 may be considered as being paid on capital account, leaving the ordinary revenue at \$5,496,000, while of the expenditures there are a number of capital account payments: Good Roads, for instance, \$46,081. Our honourable friends when in power went through the country saying that there was a million dollars on hand and that they were going to spend it on Good Roads, when that was clearly a capital expenditure. Then we have Sugar Beet Bounty, \$74,191, the last payment of which will be made during the next year. Woodstock Asylum, \$22,070. The Iron Mining Bonus, which is now expired, \$15,236. Building for the School of Mining at Kingston, \$22,500, and the expenditure on the School of Practical Science, \$93,508. Then there was spent on Surveys in the new districts, \$107,000, a total capital expenditure of \$380,586. As to these surveys, in former years, and not many years ago, from \$30,000 to \$40,000 was the average expenditure on surveys. For last year and this year we claim, Sir, that we cannot undertake to survey the whole of the 16,000,000 acres of land in the North and pay it out of ordinary revenue. We claim that this was properly capital expenditure. Deducting this we find the ordinary expenditure to be \$5,016,000, and the excess of ordinary revenue \$480,000, and the excess of capital revenue \$140,000, making a total excess of revenue \$620,000. (Applause.)

Now, as to the Estimates and the degree in which they approach the actual realized revenue during the past year, honourable gentlemen will easily understand how difficult it is with two items such as Crown Lands and Succession Duties to estimate within a few dollars of what the revenue would be. The same difficulty has been found in other countries. In Great Britain last year the Chancellor of the Exchequer in making the Budget speech estimated the revenue at £143,000,000 sterling. His estimates were within some £20,000 of the actual receipts, but when he came to details it was found that there was a great variance. In one source of revenue there was a variance of £500,000; in another £180,000; in another £210,000; in another £250,000; in another £260,000; so that although his total estimate was approximately correct the details greatly varied. The same rule applies to our estimates, the chief differences being, interest on Trust Funds \$18,000 less in consequence of the Dominion paying only four per cent. interest instead of five; in Crown Lands, we were within \$50,000 of the estimate, although the sources were not exactly the same. We counted on \$1,000,000 on bonuses from timber, expecting to have a timber sale, but we found such a large excess of receipts from timber dues, amounting to \$430,000, that we had no sales. Then the Provincial Secretary's Department showed an excess of \$30,000, chiefly for increased fees from corporations. The Asylums Revenue showed \$38,000 in excess, chiefly owing to the better way in which relatives of patients were made to pay for their support. In Succession Duties there was \$234,000 in excess, of which \$150,000 was from one estate, that of a gentleman who died during the year.

MR. GRAHAM: That was only a payment on account, I understand?

HON. MR. MATHESON: Yes, that was paid on account. We expect, of course, to get a good deal more from that estate. In regard to Succession Duties, I may say the Province of Quebec has paid us the compliment of adopting almost in its entirety our schedule of rates. (Applause.) They have, indeed, gone a little further. The lowest estate we tax is over

\$10,000. They go down to \$5,000. They also make another change, which is a strange one for the Province of Quebec. We exempt all charitable and religious bequests; I believe we are one of the few Provinces or countries in which it is done, but in the Province of Quebec they exempt only \$1,000 from each bequest.

Now, in regard to the Supplementary Revenue, we received \$25,000 more than we estimated. From Algoma taxes under the measure passed subsequently to the Estimates, we received \$39,000, and on law stamps \$28,000 more, largely on account of stamps on two large estates in the Surrogate Court.

In reference to expenditure, there was an increase in the Crown Lands Department, nearly altogether on account of clearing along the Temiskaming and Northern Ontario Railway. In the Agriculture Department the estimate was deducted from the revenue and expenditure and was under the estimate. The School of Mining at Kingston is now completed, and the Mining Aid expires this year. This is also the last year for the bounty on sugar beets.

For the present year our estimates of expenditures as given in the statement laid on the table and already the subject of discussion is \$5,625,000. To that expenditure we have to add as ordinary expenditure payments for Railway Annuities and University Certificates amounting to \$253,000, making a total expenditure of \$5,858,000, while the revenue is estimated at \$5,921,000.

HON. MR. ROSS: Does that include amounts for good roads and so on?

HON. MR. MATHESON: No, those are expenditures on capital account. We expect to live well within these estimates, and a measure to be brought down will relieve the Province sufficiently to cover these Estimates and the Supplementary Estimates. (Applause.) Apparently the Estimates exceed those of the previous year, the Supply Bill of 1905 being \$5,269,000, and this year \$5,625,000, but this is more apparent than real. There have been some increases no doubt, increases in salaries for Civil Government, but these are not more than \$15,000. One difficulty has been that in former years a suffi-

cient amount was not put in the Estimates for the expenditure, and last year because of that we had Treasury Board orders to the amount of \$208,000 to pay amounts which should properly have been estimated for in the revenue, so that has to be deducted from this. For years \$40,000 has been the vote taken for printing, whereas we spent last year \$55,000. For years the items for Contingencies have usually been insufficient and Treasury Board Orders had to be issued. For instance, last year, for the Inspection of Colonization Roads the estimates were \$6,000, whereas the expenditures on that account have invariably been from \$11,000 to \$12,000, the difference being made up by Treasury Board Orders. The present Provincial Auditor insists that the Estimates, and not the Supply Bill, shall be taken as a test, and where a vote has been made, if there is a surplus in one item, it cannot be used to pay for a deficiency in another, so that when the Estimates are taken each must be made to cover a specific item, and the result has been that the officials of the various departments have had to make more liberal Estimates. That accounts for a good deal of the increases. Then as to the salaries, one of the difficulties in regard to salaries has been the automatic increases in the School of Science, the Ontario Agricultural College, and the University. An arrangement was made that the different professors at these institutions should get a stated increase, and the result is that expenditure in this particular goes steadily up. Then there is in the Estimates for the first time on account of Central Prison Industries, \$67,000. There are also old accounts for Asylums, \$30,000 ; an error in crediting Agricultural revenue, \$27,000, and the item for clearing the Temiskaming and Northern Ontario Railway, for which, however, there will be a revenue to correspond, \$50,000. That accounts for \$174,000. Taking the \$208,000 of overdrafts for which there were Treasury Board Orders, and this \$174,000, it would more than make up the increases in the Estimates.

On the other hand, I freely admit that the Estimates for 1905 were larger than the expenditures in certain items, but the fact that the Provincial Auditor insists that the Estimates and not the Supply Bill shall be taken as the authority for payment, has

caused the heads of the Departments to put in liberal estimates, from which I have every expectation that a large reduction may be made, and I have no fear but that the result will be that the revenue will fully meet the expenditure of 1906. (Applause.)

Of the revenue for the present year we put Timber Dues at \$230,000 less than last year's receipts, and Liquor Licenses at \$125,000 more as a result of the Bill just brought down by my honorable friend the Provincial Secretary. Public Institutions is a very conservative estimate. Central Prison Industries appearing for the first time offsets the expenditures. Algoma Taxes return to a normal amount, though I hope to do better. The Succession Duties may not realize as much as the Estimates, while the amount may be considerably more, depending upon the settlement of one or two large estates now in hand.

Of the expenditures the following may be considered Capital Account, only large special expenditures being put under this head :

| | |
|--|----------|
| New Buildings at Osgoode Hall..... | \$35,000 |
| New Buildings at the Agricultural College. | 42,000 |
| Completion of the School of Science..... | 64,000 |
| Completion of the Woodstock Asylum..... | 87,000 |
| Surveys in the New Territory..... | 113,000 |

so that the total capital expenditure for the present year will be some \$341,000.

As I have said before, a measure will be brought down which will, I believe, relieve the Province and enable us to meet every ordinary expenditure brought down on the Supplementary Estimates.

Now as to our liabilities. On the Temiskaming and Northern Ontario Railway we expended to the end of the year

\$7,376,000

The estimate to complete No. 1 Division is as follows :

Due to Contractor..... \$110,500

Terminals at North Bay,

Sidings, Stations, etc.... 160,000 a total of 270,500

On Division No. 2 :—

Expenditure to complete works will total 1,169,500

That will make a grand total of..... \$8,816,000

The railway needs additional rolling stock, the cost of which will be about..... 250,000

So that when the road is completed it will have cost.....\$9,066,000

HON. MR. ROSS : Does my hon. friends' figures provide for independent terminals ?

HON. MR. MATHESON : Yes, except for passenger station. We are arranging for terminals within two or three hundred yards of the C.P.R. We have been paying a heavy rental to them for the use of machine shops and roundhouse. This will relieve us. We are also providing for connection with the Grand Trunk Pacific. We are not providing for the building of the connection but to have the line surveyed so that it could be made.

The details on account of expenditure for No. 2 Division are as follows :

| | | |
|--|-----------|-------------|
| Completion of roadbed | \$843,000 | |
| Stations and freight sheds | 30,000 | |
| Section houses and equipment | 15,000 | |
| Signals and Telephone line..... | 20,000 | |
| Other buildings | 20,000 | |
| Water service..... | 15,000 | |
| Incidentals | 3,500 | |
| | | \$946,500 |
| Amounts still due on A. R. McDonnell's retained percentage | | 173,000 |
| Divisional yards at Blanche River | | 50,000 |
| | | \$1,169,500 |

HON. MR. ROSS : As to electrification ?

HON. MR. MATHESON : That has not been decided upon. There is, I repeat, additional rolling stock to be purchased to the amount of \$250,000, so that we estimate the total cost of the road, as I have said, at \$9,066,000.

We expect a bonus for the railway from the Dominion. We have seen the Dominion Ministers several times and I have every expectation that we will receive a bonus, whether we will get it for the whole line or not, I am not aware. One thing

that has been against us is that hon. gentlemen opposite did not ask for a bonus for Division No. 1 before going on with construction, and in 1902 they will remember that they voted down a resolution condemning them for not having asked for it. (Applause.) We have pressed our claims in every proper way, and I must say that we were courteously received at Ottawa, and I reiterate I have hopes that something will be done. The extension to the Grand Trunk Pacific junction will be forty or fifty miles beyond the second contract ; it will depend on the route selected.

HON. MR. ROSS : So that the road will be 240 miles in length.

HON. MR. MATHESON : About 253.

HON. MR. ROSS : Where were the last lot of steel rails obtained ?

HON. MR. MATHESON : The last lot of steel rails were obtained from the Dominion Steel Company, whose tender was some \$11,000 less than the next lowest tender.

The earnings of the road have been excellent. Last year they amounted for a period of ten months, during which the road was run by the present Commission, to \$113,000, of which \$100,000 was paid to the Government and the rest is represented by supplies of different kinds on hand. (Applause.) In this regard honorable gentlemen opposite have no ground to say that it would have been the same had they been in power. We have had a test of that. I believe that the railway has cost far more than it should have cost. (Applause.) I believe, Mr. Speaker, I am well within the mark in saying that if these contracts had been made by the present Commissioners we would have had that road at a cost of one million dollars less than now. (Renewed applause.)

Another thing I want to point out is this : In January and February, during which months and also for a greater part of March the road was under the old Commission, the earnings for the two former months were \$14,009, and the expenditure \$13,539, leaving a surplus revenue of \$470. Now take the month of April,—March not being a fair comparison because it was partly under one and partly under another

Commission,—in that month the earnings were \$14,469 as against \$14,009 in January and February, but the expenses of April were only \$7,108 against \$13,539 in the two months I have mentioned, leaving a balance for April of \$7,360. (Applause.) We have a “cash register” on this year. (Renewed applause.) Take the item, for instance, for conducting transportation. In January and February, the former of which, by the way, was an election month, the cost was \$8,781, but in April it was only \$4,679, a reduction of nearly one-half. (Applause.) We found, Sir, that a larger number of free tickets were issued by the honorable gentlemen during the election days. During the month of January this year the net revenue was \$11,000. (Applause.) And I may say, Sir, that the Commissioners fully expect that the earnings for the road during the present year will be sufficient to pay the interest on the cost of the first section and probably the sinking fund of one-half per cent. in addition. (Renewed applause.)

Then, as to the Railway Certificates. There was nothing added to the railway debt during the year, but there was a decrease of \$82,000.

As to the Sault guarantee of \$2,000,000, I may say that during the past year the Government have used every possible effort to see that we shall be relieved of it on the 1st of May next, and I have the greatest hopes that our efforts will be successful.

In regard to the Trust Funds, we are awaiting judgment on the case as to whether four per cent. or five per cent. interest should be paid.

The Indian Treaty No. 3 dispute will come before Mr. Justice Burbidge some time in April, and I can say nothing more of that now.

We had cash on hand at the end of the year of \$1,939,000 in addition to \$1,536,000 advanced to the Temiskaming and Northern Ontario Railway Commission. (Applause).

Now, Mr. Speaker, I wish to say something in regard to the Temiskaming and Northern Ontario Railway loan.

PREMIER WHITNEY: You should “stop the loan.” (Laughter)

HON. MR. MATHESON: It is scarcely necessary that any reply should be made to any critic who argues that we should not maintain the honor of this Province, that we should repudiate the contract. Sir, we will try to uphold the honor of Ontario, and whether contracts were made by opponents or by ourselves we will do our best to see that they are ratified. (Applause).

Critics who undertake to say that we should "stop the loan" are hardly deserving of reply. (Applause). It is a disgrace that any writer should be allowed to use the columns of one of the leading newspapers of this Province to advance any such arguments.

You will remember that the Treasury Bills were floated in November, 1904, and renewed in May, 1905. In November, 1904, they were floated at 4 per cent., in May, 1905, $3\frac{1}{2}$ per cent. In November of last year, they were again renewed at 4 per cent. In November, 1904, the Bank of England rate, which governs the rate charged for interest was 3 per cent., but my hon. friend paid 4 per cent. In 1905 the Bank of England rate was 4 per cent. and we paid only 4 per cent. for the renewal. Let me give a figure or two to show how the last renewal compares with other loans. The London County Council floated a loan at £3 19s 7d, within five pence of being 4 per cent. The Imperial Government paid for renewal $3\frac{7}{8}$ per cent. The Dominion of Canada has a large amount of Treasury Bills in London, and before they were got they were thinking of putting a loan on the market, but they renewed the Treasury Bills and paid the same rate as the Province.

With these precedents we were justified in the action we took. It was not a question of not being able to get the money. It was entirely a question of the rate and whether to renew or try to float the loan at a lower rate on a bad market. I may here, Mr. Speaker, read from a letter sent to me by Mr. Skinner. It was sent to me without solicitation. Mr. Skinner is a Director of the Hudson Bay Company and the C.P.R. and he attends to all the financing and flotation of the C.P.R. loans in London. Mr. Skinner says: "I can most sincerely congratulate you on the success of your work here. For every day that passes proves to me that you acted most wisely in renewing

your Treasury Bills in preference to attempting a loan, and it is beyond question that the rate at which you renewed the bills compares favorably with all surrounding experience. Ontario is entitled to the highest credit Canada can claim, but much depends on your first public loan being opportune and fairly successful." (Applause.)

We have been asked by journals supporting honorable gentlemen opposite why we did not float this loan in Canada. My honorable friends opposite tried to float a loan of this railway in Canada and elsewhere; in New York and everywhere. They offered a loan for \$2,750,000, $3\frac{1}{2}$ per cent. guaranteed by the Province. The people of Ontario knew all about it. To them it was as good as a Provincial bond, whatever it might have been on the markets of the world. It was advertised all through the country. I think I have a list of the amounts paid for advertising, totalling \$5,000. It was advertised in every Toronto daily paper and all those supplied by the Central Press Agency which received \$2,500. The people were asked to come in and take it, and they refused. Only four tenders were received, one from a private party, one from an insurance company, and, I think, two from banks.

I will read from a report made by the honorable gentleman himself (Mr. Harcourt) on this point prior to his leaving office. He said: "The Legislature gave authority for the issue of thirty year, $3\frac{1}{2}$ per cent. bonds of the railway to be guaranteed by the Province to meet the cost of construction, the estimated cost per mile being \$30,000.

"The Railway Commissioners attempted to sell the bonds. (See copy prospectus sent herewith dated July 2nd, 1903, issued by the T. & N. O. Railway Commission asking for tenders). There were only four tenders. Each of the four offers (two from banks, one from an insurance company, and an offer of a small allotment from a private individual) was on the basis of a 4 per cent. interest yield to the investor. The four offers taken together asked for only a fraction of the amount needed. The tenders not being considered satisfactory were not accepted."

On a basis of 4 per cent. Sir, that means a $3\frac{1}{2}$ per cent. bond would only obtain 90. The four offers taken altogether only

amounted to a fraction of the amount needed, and the tenders as I have read were not satisfactory and were not accepted.

It being six o'clock the Speaker left the chair.

On resuming after recess, Hon. Mr. Matheson said :

When the House rose at six o'clock, I was discussing the question of the Temiskaming Loan raised by the former Government by the issue of Treasury Bills for six months in November, 1904, at 4 per cent., besides the usual stamp charges, renewed in May following at $3\frac{1}{2}$ per cent., and last November again renewed at 4 per cent.

Let us turn our attention for a moment to the difference between the original loan in 1904, made on the issue of Treasury Bills by my honorable friend from Monck (Mr. Harcourt), and that of the renewal of last November. I stated one difference to be that in November, 1904, the Bank of England rate was 3 per cent, but my honorable friend paid 4 per cent. for the loan on the Treasury Bills, whereas in November, 1905, the Bank of England rate was 4 per cent., and the Treasury Bills were renewed at the same rate. (Applause.) Also I stated that it was not a question of being able to float the loan. No doubt this Province could obtain money on the London market at any time. It was simply a question of what rate should be given for our $3\frac{1}{2}$ per cents. on our permanent loan, each one per cent. meaning \$60,000 or \$70,000 to the Province. That was not all the fault I had to find in connection with the loan. My honorable friend borrowed on the 15th November, 1904, £1,200,000 sterling, and paid 6 months interest on it, but we only received the money on the 30th November. In other words, he gave them 15 days' interest for nothing. It seems a small matter, but in this case it amounted to \$10,000 thrown away by our not having the use of the money until the 30th of November. There is another small matter worthy of mention. He was not particular as to a day or so. In England the rate of interest is always paid by the day, not by the month, and he gave \$24,000 for six months, whereas it happened to be 181, instead of $182\frac{1}{2}$ days. When we came to renew the loan in the May following, it was at once drawn to our attention that the six months, the 15th May to the 15th November, was 184 days, a day and a half longer

than the former period, and we were required to pay interest for that day and a half, amounting to £200, or \$1,000, through the mistake or carelessness of my honorable friend.

As I stated the other day, we have floated a loan in London, England, with the Bank of Montreal, for £1,200,000 sterling at $3\frac{1}{2}$ per cent. for 40 years, due 1st January, 1946. It has been argued in this country that we should have floated this loan in Canada, but I draw the attention of our honorable friends of the Opposition to the fact that three years ago, namely in 1903, they offered for sale the bonds of the Commissioners of the Temiskaming and Northern Ontario Railway, guaranteed by this Province, both as to interest and principal, and were utterly unsuccessful. The only tenders which they got amounted to a fraction of the \$2,750,000 required on a basis of four per cent., which meant that they would pay 90 for each 100 at $3\frac{1}{2}$ per cent. on a 40 year loan. There would have been a reason for that to a certain extent if they had tried to float it in England. On the British market they do not understand a railway loan guaranteed by the Province. In this Province everybody knew the whole circumstances, and if they had had faith in the Government, and if those negotiations had been well managed, they might have floated the loan, but every Liberal from Cornwall to Fort William felt he had a right to get these bonds offered on the market and have a share of the commission. (Applause and Laughter.) They were offered on the market by people utterly irresponsible, both in New York and in Canada, and the result was that leading financiers would have nothing to do with them.

There was ample reason why it was not advisable for us to attempt to offer the whole \$7,000,000 in Canada. The Canadian market, I believe, is good for a loan of two or three millions, and our honorable friends should have been successful in their efforts for a loan of the amount stated. The Canadian market, I repeat, is good for two or three millions, but if on that market you try to offer securities to the amount of \$7,000,000 you at once depress the prices. There is not the money to invest in this country. There is money in the banks,

but not the money in the hands of men willing to take that amount at that rate of interest.

We have had that well illustrated in respect to British Consols. There is no question as to their value. They are the safest security in the world, and always will be. They pay $2\frac{1}{2}$ per cent. This is the history of British Consols, and I may say, in an introductory way, that there was no reason whatever for the depression, except that there was more thrown on the market than it could take. In 1897, British Consols stood at $113\frac{7}{8}$. In the next year, the Spanish War began, and owing to the distrust, such as we felt a year or more ago when the Russian trouble began, they fell to $106\frac{1}{2}$. In 1899 they rose to $111\frac{1}{2}$. In October, 1899, the Boer War began, and they dropped to $102\frac{1}{2}$. During the Boer War and immediately afterwards, £160,000,000 of Consols were thrown on the market. The British Government endeavoured to raise that amount, but could not raise it all out of Consols, and they had to raise a large amount on Treasury bills and on special Treasury bonds, which are still an outstanding liability of the British Government. As I have said, the Boer war began in October, 1899, when Consols dropped to $102\frac{1}{2}$, and by the time the Boer War ended in 1902, they had dropped to $92\frac{3}{8}$. When the Russo-Japanese War began in February, 1904, British Consols dropped to $85\frac{1}{2}$, and I think that at one time they went still lower. At present they are quoted at 90. That is the result of throwing more on the market than the market can take. Prices go down if you throw on the market more than the people can afford to take. I believe, as I have said before, that the Canadian market can easily take two or three million dollars, and with that opinion in view the Government in floating the loan floated sufficient to take up the Treasury bills, reserving the rest for the Canadian market. (Applause).

The cost of the road will in all be, as I have said, about \$9,000,000, and we probably will have to take authority to float \$2,000,000 more. We propose to float on the Canadian market \$2,000,000 to \$2,500,000, the exact amount depending on the bonus received from the Dominion Government. That loan, I believe, can and will be taken up.

The men who take up this $3\frac{1}{2}$ per cent. Government loan as far as I can find out, by remarks made to me and by enquiries, will not all be men of small capital. The man who has \$10,000 or \$20,000 to invest may take a part, but he needs all the interest he can get, and tries to get four or five per cent. for his money if he can. During the last year I have been approached by a number of wealthy gentlemen anxious to get permanent investments for their families. These are the class of men who are glad to get a loan such as this. As one gentleman said to me, "I have a good deal of money, and I want to salt some down for my family, where it need not be re-invested—something to last during their probable lifetime, thirty to forty years, and where there is no chance of its proving a failure. I do not want bank stocks for that portion of my money. We have known bank stocks in this country to stand high, but there have been failures and there is double liability in connection with bank stocks. I do not want my family to be in a position where they will lose their fortune, and as in the case of the Glasgow Bank possibly have to bear double liability." That is the class of man I rely on to purchase the bonds, although there are men with small amounts of money who would probably take one or two thousand dollars.

We have another source of investment for these funds. We allow under our laws people to pay money into Court, and there is a large amount of money, of infants and others in the hands of the Court. When we compel them to pay that money into Court we are bound to see that there is no loss on it. This amount of money is very large and it is growing. On the 28th February, 1905, the money in Court amounted to \$2,734,000. On the 17th May, 1905, it had increased to \$3,072,000. On the 26th February, this year, it was \$3,194,000, an increase of \$460,000 in one year. Now that money is all the time coming in and going out, but half a million dollars would cover the amount necessary to keep available for immediate payment. That will allow us to make permanent investments of \$2,500,000. The interest allowed by Court in respect of moneys paid in security for costs, proceeds of sale, or any other temporary purposes, is fixed by rule. It does not

bear interest until it has been in Court six months, and then only at two per cent. per annum, not compounded. The interest allowed on other funds is $3\frac{1}{2}$ per cent. per annum, commencing fifteen days after paying into Court, so that the amount paid by Court barely averages $3\frac{1}{2}$ per cent. Why should we not ask the Court and the Committee of Judges, and if necessary obtain power from this Legislature, so that that money would be invested in the bonds of this Province, our $3\frac{1}{2}$ per cents at par? (Applause). It may be interesting to see what the present investments are. The Canadian Bank of Commerce is the one in which the funds are placed. The Court has to keep \$500,000 on deposit on which they pay 3 per cent., and as to the other investments, they are all guaranteed by the Toronto General Trusts Corporation. The amount of money in Court on the 23rd February this year was: Balance in bank at 3 per cent., \$503,839; invested in debentures at $3\frac{1}{4}$ per cent., \$1,005,853; Ontario mortgages at 4 per cent., \$872,000; in Manitoba mortgages at 4 per cent., \$390,000; in Manitoba mortgages at $4\frac{1}{2}$ per cent., \$432,000, a total of \$3,194,000.

As regards our bonds, of course, we could not get hold of this money at once, because it is invested, but as it falls due and is paid in, there is no reason why this Legislature should not direct the Court to invest that money at $3\frac{1}{2}$ per cent. The Government have already made arrangements with the Committee of Judges having charge of these investments that the University Certificates amounting to \$550,000 shall be purchased by Court funds on a basis of $3\frac{1}{2}$ per cent., so that will for a time take up the available money coming in for investment. I see no reason why we should keep one half million dollars in the bank at 3 per cent. The arrangement was made by the officers of the former Government. We are aware that many banks would be glad to take this money and have it on deposit at that rate. It is a matter worth looking into, both the matter of keeping this amount on deposit and the manner of investing the Court funds in the securities of this Province. Another point is this, if our stock was quoted on the Toronto Stock Exchange it would put a value on it so that in the future

if this Province should require to borrow money on the Canadian market the fact that our stock was quoted on the Toronto Stock Exchange, and the demand for it from the Court funds would enable us no doubt to float any reasonable amount at par.

I think I have shown, Sir, both from the experience in Britain and the experience in our own country, and the experience of the former Government of Ontario in 1903, that this talk to the effect that the whole of this loan should be floated in Canada, represents the view of men who have not fully considered the subject. (Applause). There is no doubt whatever that it was a wise procedure on the part of this Government to take the bulk of the money required for the return of the Treasury bills from England, leaving for the Canadian market such an amount as we believe can easily be absorbed here. (Applause).

The arrangement with the Bank of Montreal, as I have said, is that the loan should be floated at $98\frac{1}{2}$, interest payable on the first day of July and the first day of January. We made the further arrangement that we should have no interest to pay on the Treasury bills until the 15th of May, when the Treasury bills fall due, and that on the 1st of July next we shall only pay nine shillings per hundred pounds.

The Bank of Montreal, I may say, made us an offer higher than any received at any time. It is slightly higher than the one received this year, about which there has been so much talk by people who knew very little about the question. The amount charged by the Bank is an important thing in these transactions. The Bank of Montreal charged us only $1\frac{7}{8}$ per cent., which covers the cost of advertising and everything except the British stamp duty of twelve shillings and sixpence per hundred pounds, equal to $\frac{5}{8}$ of one per cent. That fee and the $1\frac{7}{8}$ amounts to $2\frac{1}{2}$ per cent., and the Province gets net, free of all expenses, 96. (Applause). On this point I might say that Nova Scotia's three and a half per cents, which are not trustee securities, sold on the British market at 97 or 98, and Newfoundlands $3\frac{1}{2}$ per cent. bonds at 93 to 95, and their inscribed stock at 97 to $98\frac{1}{2}$.

HON. MR. ROSS : Newfoundland has a debt of \$25,000,000.

HON. MR. MATHESON : Yes, but they own a railway system as security for it. I am sorry to hear my honorable friend running down a sister colony. (Applause.)

Here is a list of trustee and other securities' quotations, which may be of interest. There is an advantage in being on the trustee list. I may say that the Government has made application to the Imperial Government to be put on the trustee securities' list. There is an immense amount of trust securities held by investors. When funds are invested in trustee securities, the executor escapes all responsibilities for losses. If he invests in securities not on the trustee list he must bear the amount of the losses, if any. Another advantage of being on the list is that such securities are generally regarded and graded at three to four per cent. better than those not on the list. Here is the list which I proposed to read:—

Barbadoes, $3\frac{1}{2}$ per cents, trustee, 99 to 101; Canada, $3\frac{1}{2}$ per cents, trustee, $100\frac{1}{2}$ to $101\frac{1}{2}$, only two and a half per cent. better than ours; Hong Kong, $3\frac{1}{2}$ per cents, 99 to $101\frac{1}{2}$; Jamaica, $3\frac{1}{2}$ per cents, 99 to 101; Natal, $3\frac{1}{2}$ per cents, 100 to 101; New South Wales, $3\frac{1}{2}$ per cents, 101 to $102\frac{1}{2}$; Nova Scotia, $3\frac{1}{2}$ per cents, which are not on the trustee list, are quoted at 97 to 98 (note the difference); New Zealand, $3\frac{1}{2}$ per cents, trustee, 101 to 102; Queensland, $3\frac{1}{2}$ per cents, trustee, $100\frac{1}{2}$ to $101\frac{1}{2}$; Sierra Leone, $3\frac{1}{2}$ per cents, trustee, 99 to 100; South Australia, $3\frac{1}{2}$ per cents, trustee, 100 to 101; West Australia, $3\frac{1}{2}$ per cents, trustee, 98 to $99\frac{1}{2}$; Russian, $3\frac{1}{2}$ per cents (which are not on the trustee list), 73 to 76; Swedish, $3\frac{1}{2}$ per cents, 99 to 101; Antigua, 4 per cents, 100 to 102; Victoria, $3\frac{1}{2}$ per cents, trustee securities, 100 to 101; Glasgow, $3\frac{1}{2}$ per cents, trustee securities, 100 to 102; London County Council, 3 per cents, trustee, $92\frac{3}{4}$ to 93. I may also refer to New York City's 4 per cent., sold a little less than 108, which is equal to $96\frac{1}{2}$ at $3\frac{1}{2}$ per cents. The *New York Times* recently used in regard to the last quoted figures the following words, which have their lesson for us: "If ever a city had a solemn warning, this city had one yesterday, when it was discovered that the best bids received by Controller Metz for four per cent.

bonds were considerably lower than was bid for the city's $3\frac{1}{2}$ per cent. bonds only three years ago. The experience of the last bond sale in November convinced the Controller that $3\frac{1}{2}$ per cent. bonds of the city could not be sold for par. The best bid received for the four per cents yesterday places them upon a 3.65 basis, showing that the Controller's judgment was sound. The average of the bids received yesterday was 107.264, and the very highest bid was 108.09. To place the issue upon a $3\frac{1}{2}$ per cent. basis to the purchaser, the bonds would have had to sell at 111."

The law of the State of New York provides that the bonds of New York City cannot be sold at less than par. They could not sell $3\frac{1}{2}$ per cents. at par so they issued 4 per cents. and the average of the bids for these was 107.264, equal to $107\frac{1}{4}$. To place the issue on a $3\frac{1}{2}$ per cent. basis the bonds would have had to sell at 111. They would have had to sell at $3\frac{3}{4}$ per cent. higher than they did to average $3\frac{1}{2}$, so that it was only equal to $96\frac{1}{4}$ for 50 years—that being the period of the issue. We have come within $\frac{1}{4}$ per cent. of that for a forty year issue.

As to the criticism that the underwriters may have to take a large share of the amount, that is not unusual. In February Hong Kong $3\frac{1}{2}$ per cents. to the amount of £1,100,000 a trustee security, was offered at 99. The underwriters had to take 70 per cent. of the amount.

New South Wales offered £2,000,000 $3\frac{1}{2}$ per cents., a trustee security at $99\frac{1}{2}$, less interest, equal to $98\frac{1}{2}$, and the underwriters put in large bids to take it up, although previous market quotations were higher.

The Ontario bonds, which are not a trustee security are practically floated at the same rate.

Toronto $3\frac{1}{2}$ per cents. in March were quoted in Edinburgh at $93\frac{1}{2}$ to $95\frac{3}{8}$.

I may add that New Zealand for a 4 per cent. loan only asked £101-15s equal to far less than $98\frac{1}{2}$ at $3\frac{1}{2}$ per cent.

A good deal has been said to the effect that the bond issue might have been better made last year. The Government asked for offers last year from people who had been writing to us

about the matter. What I suppose was the highest offer was from a French Bank at 96 and the wording of the offer was such as to lead to the inference that it was free of all charges and expenses. It looked as though it was 96 net. I asked financiers in this country and in London about this, and their invariable answers was that it did not mean 96. "It means," they said, "that you must deliver the bonds stamped with the French duty of one per cent. That is the custom of the exchanges of London and Paris which has the force of law." The offer did not consider the Government stamp duty of one per cent. so that it averaged not 96 but 95. There was another objection to the French loan. I was told that I had better look out for the cost of the engraving of the bonds. They wanted them to be 500 franc bonds, that would be equal to \$100 each, which meant 60,000 copies to be engraved. That would have cost \$26,000 to \$27,000, making the cost of the bonds average thirty or forty cents apiece. I did not feel like giving that.

The next offer and really the highest offer received last year was 95.27 from a Canadian Bank. The next highest offer was from a New York broker at 95.25. The next highest was from a New York broker associated with two Canadian banks, and it was equal to 95.17.

The next offer, which was the one which has been so much discussed in the newspapers was a speculative offer. As it was first given, it was for 94, and I may say here that on reading it over I did not feel inclined to blame gentlemen very much, who, not being posted, might read and interpret it differently. When I received that offer I had at the same time a personal explanation, and I did not then appreciate how much that helped me to understand it. Someone else might have given quite a different interpretation to that offer without the intention to be misleading lacking the explanation that I had.

When a bank or broker say that they will underwrite at a fixed amount, they mean the net amount to the seller. For instance the Bank of Montreal underwrites our floatation at 96, the floatation price including stamps was 98½. In the offer to which I am referring they started out by saying that would un-

derwrite at 97 and went on to say they would charge 3 per cent. commission. A person reading that would imagine, perhaps, that it was being floated at par, whereas it meant only 94; 3 per cent. off 97. The speculative part of the offer was that they would try and sell those bonds at par and give us all they could get over 97, subject to an expense charge which might be one per cent., so that the best they would do would be two per cent. in addition to the 94 which would make 96. They never approached 97 and to do that they would have had to sell at par. I asked the gentleman who made the proposal if he could not make a firm offer for the amount which he proposed for the speculative part, and the gentleman who saw me about the offer added a footnote to the first guarantee to the following effect: that the Government, would obtain at least 95. He said they would try to sell the bonds at par, and the profits resulting from the sale between the underwriting price and par to belong to the Government, subject to expenses and commission. They guaranteed us one per cent., and the one per cent. commission and charges brought us up to 99. To give us the other one per cent. the whole of the bonds would have to be sold at par. If half had sold at 98 and the other half at par, it would have only averaged 99. Now I will read the offer. It is as follows:—

“By way of further confirmation of the verbal interview had with you this afternoon, relative to the \$6,000,000 loan being made by the Ontario Government, we write you this letter.

1. It is understood that the cheque enclosed in this letter for \$100,000 is to show our *bona fides*, and to guarantee the carrying out of our undertakings.

2. We undertake to have the \$6,000,000 $3\frac{1}{2}$ per cent. thirty-year bonds of the Ontario Government underwritten by a syndicate chiefly of Ontario banks. This syndicate will be composed of at least six.

3. The syndicate above referred to would underwrite the bonds at 97 and accrued interest, and a public issue would be made offering the bonds to the public at par and interest.

4. The commission to be paid the underwriters would be three per cent.

5. The whole profit resulting from the sale between the underwriting price, ninety-seven, and par, to belong to the Government, but of which they would have to pay the expenses, such as one-quarter of one per cent. to ourselves and one-half of one per cent. to such bankers and brokers who send in public subscriptions at par. As only a proportion would be sent in in this way, this latter commission would not amount to probably more than one-eighth per cent. over the whole amount. Assuming event that the expenses would amount to one per cent., this would leave the Government a clear two per cent. profit, or ninety-six and interest for the bonds.

6. We would wish the bonds to be issued in sterling or gold payable in London, New York or Toronto ; the whole or such proportion as we might hereafter agree upon to be exchangeable for inscribed stock.

7. As we conclude it would not be practical for the Government to have the bonds printed and ready for delivery before the 15th of May, on which date we understand the present loan in London is due, we make it as part of this agreement that we will arrange to renew your loan until such time as will meet your convenience at $3\frac{1}{2}$ per cent. interest.

It would also be our idea that at least one-half, or \$3,000,000 of these bonds would be offered to the Canadian public, and as there are no Ontario Government bonds at present, and as at par they yield the full three and one-half per cent. or one-half of one per cent. more than the chartered banks are now paying depositors, and in view of our having the influence of so many chartered banks, we feel great confidence in the \$3,000,000 issue in Canada being taken up at par, and the balance we know where we can place in London and New York.

We would emphasize the following points in our proposal :

1. It is a purely Canadian, and almost wholly, Ontario undertaking.

2. It will enable the Government to go before the public saying that they have had their bonds underwritten by Canadians at 97, and according to the method proposed by us there

can be no doubt that they will receive at least 96 for their bonds.

3. In case the bonds are not ready, all trouble in re-financing your present loan will be removed."

I urged that gentleman to make us a definite offer as to what his firm proposed to give us out of this speculative offer and after some discussion he added this footnote :

"P.S—We undertake that this offer will result in not less than 95 and interest to the Government."

The position we were in was that 95 was the limit to which he bound himself, whereas we had a Canadian bank offer \$16,000 more than 95, a New York broker \$15,000 more than 95 and another New York broker \$10,000 more. These were firm offers. These banks or persons said whether we win or lose we will pay you this money. Were we to set them aside in competition with a man who said I will not promise you more than 95, you may get more than that, you may not? Would that be fair to a man who promised \$16,000 more than 95 whether he won or lost? Would it be fair, I repeat, to put that kind of man in competition with a man who only promises 95 and says perhaps you will get more, if I sell them over 99.

Sir, the result of all this is, as I have said, that the Bank of Montreal gave us 96. (Applause). The Commissioners' loan guaranteed by the Government in 1903 at four per cent. at par was equal to 90 for three and one-half per cent., a difference of six per cent., or \$360,000 in addition to the cost of engraving the bonds, because in England there are no such bonds. As compared to the next best offer for 95.27 by a Canadian bank we say that we get in addition three-quarters of one per cent. of the \$6,000,000—\$45,000, and save the cost of the bonds, at least \$5,000 more, so that this flotation in England by the Bank of Montreal is at least \$50,000 more than the best offer we got last year. If you consider the expense of renewing during the past year this offer from the Bank of Montreal is still some \$25,000 to \$30,000 better than any other received last year. (Applause).

My honorable friend from Monck said the other day that he had sold bonds at three and one-quarter or less. At first I did

not understand. I never heard of it before, and I did not understand what bonds the honorable gentleman referred to. I began to make inquiries and ascertained that the bonds referred to were the annuities. The railway certificates, as I understand it, are always given to the railways and they sell them to invest at any price that they can get for them. At one time the Government which preceded us, instead of paying the certificates as they fell due, floated a fresh forty-year loan called annuities and had to sell these in 1884. The amount of an annuity was \$13,400 and the sale realized \$247,632. That was sold to pay interest at the rate of a fraction under four and one half. From 1884 to 1902 the interest yielded to investors in annuities varied. It was at the rate of a fraction under four and one-half, then a fraction under four and fone-quarter, then about four and one-fifth, then a fraction under our and one-quarter, and in the last year named at about four per cent., and the aggregate amount realized for that period was \$1,422,300. In 1895 there was a sale at exactly three and one-half per cent. That was sold to a gentleman of the class I have described, a millionaire, who considered it an excellent investment for his family. The largest amount sold at any time by the former administration below three and one-half per cent. was \$155,437 in 1896, at a fraction over three and one quarter. Other sales in 1896 were \$22,295 at about three and one-quarter per cent. In 1897, \$13,500 was sold at a rate equal to three and three-sixteenths per cent. and \$142,842 at a fraction under three and one-quarter per cent. In 1898 there was one sale of \$23,000 at a fraction of under three and one-sixteenth, one of \$4,500 at about three and three-sixteenths, and one of \$100,917 at a fraction under three and three-sixteenths. The total of all the sales under three and one-half per cent. amounted to only \$462,490, so that the honorable gentleman cannot make any comparison between a \$6,000,000 transaction and the small amounts which he handled himself. In one case one man took the whole amount of the issue of \$171,520 at three and one-half per cent.

Then there is this to consider. We sold the other day to pay at about 3.65 at 96 for the 100, when consols at 90 were

paying two and three-quarter per cent. We are only paying about half per cent. more than consols. When the honorable gentleman sold his annuities at a rate to pay three and three-sixteenths, consols were at 113 ; they did not pay the purchaser more than two and one-fifth, so that his sale paid the purchaser one per cent. more than ours. When the honorable gentleman talks of sales at three and one-quarter per cent. they do not for a moment compare with ours of to-day. We get one-half per cent. more than the British Government will pay. The test is largely what the British Government pays.

Now, Sir, the hon. gentleman from Monck was good enough to tell me that I was a "cash register." (Laughter.) I am afraid that I cannot return the compliment. A cash register is intended to secure proper treatment for the owner—to save him from graft. (Laughter and applause.) A story was told at Shea's Theatre the other night which bears on my point. Two business men were talking together, one a very pompous man worth a good deal of money. "Look at me," he said, "I went into this store at \$5.00 per week, and to day I am the owner of it." The other man said "I have not been quite as fortunate as that. In the store that I work in they keep a cash register." (Prolonged applause and laughter.)

The honorable gentleman poses as a financier. We are only "cash registers." We do not pretend to be much more. We pretend only to manage the finances of this Province on a business basis to see that the Province gets its revenue. (Applause.) There is no grafting as there was under the hon. gentleman opposite, but the hon. gentleman, in his schoolmaster's style has undertaken to lecture and fulminate in this House in a noticeable manner. What is his record in this House. When the Succession Duties bill was brought in he was Treasurer of this Province, but it was put through the House by Sir Oliver Mowat. When a bill was brought in to take to the Province a proportion of certain fees of registrars and other officials, who brought in the bill? My hon. friend from West Middlesex. When the Supplementary Revenue Act was introduced it is notorious that the late Attorney-General Mr. Hardy fought it through this House without the support of a single member

of his Ministry. But he has something to his credit. He used the Common School Fund, a million dollars of which was put into ordinary revenue and spent from year to year. (Laughter.) They had to pay \$900,000 into the Dominion for that revenue and it is a debt to-day against this Province, part of the Dominion debt, trust money which they used. In connection with the Common School Fund we had to account to the Province of Quebec nearly one half of the interest on Common School monies, which they used for the ordinary revenue of this Province. This Province paid Quebec \$250,000 as their share of that interest, and Quebec to-day is demanding \$100,000 more. Do you suppose they put it in the Public Accounts as a payment to Quebec. No, that would not be high finance. (Applause and laughter). They paid it by degrees so that it would not be noticed. They put it on the debit side as "Common School Fund" without saying that it was paid to Quebec. They put it in as a disbursement, thus there would be an entry "\$25,000 Common School Fund," and another year "\$50,000 Common School Fund," and so they put through the Public Accounts \$250,000. That is what my honorable friend has to show as his merits as a financier. But there is something else. They borrowed \$500,000 from the Dominion, part of the debt we owe to the Dominion. Some of that money went towards erecting these Parliament Buildings. I notice they never account for that when they are going into explanations of the former administration.

Another thing in the record of my honorable friend and his colleagues is this issue of annuities to which reference has been made. Honorable gentlemen understand that when we give a railway a bonus of \$3,000 a mile—or rather that when we used to—we very seldom gave the money but gave forty annual certificates for \$3,000 as the principal and \$2,600 the interest payable over a period of forty years, nearly half the payment it will be noticed being interest. Then when it was due my hon. friend from Monck and his colleagues had a great scheme. Instead of paying they issued new bonds called annuities to the amount of \$10,400 to take up an amount of \$5,600 so that out of these annuities \$7,000 was interest and \$3,000 principal.

That was the scheme of the honorable gentleman who poses as such a great financier.

Then we have as part of their record that statement of liabilities "not presently payable \$4,000,000." That is its amount if paid to-morrow, but it is not a debt according to hon. friends because their financial commission said it was not. If the City of Toronto borrowed a million dollars payable in equal instalments of forty years would the Treasurer say "we have a million dollars of a surplus; I have no doubt on that point because it is not presently payable." (Laughter and applause.) No doubt my hon. friend the leader of the Opposition would so treat the debt of Newfoundland which he has mentioned because it is not presently due.

Sir, I regret that I have kept the House so long this evening. I think that our Estimates will show that we are prepared to meet our responsibility to develop this Province—every part of it. We are prepared to face our responsibilities and to meet them we propose year after year to keep our expenditure within bounds (Applause), to keep it within the amount we can raise from ordinary resources. (Renewed applause.) We have great resources in this Province, there are millions in our timber wealth and in our mines, and the money we will realize will not be for the friends of the party but for the benefit of this Province. Mr. Speaker, we propose to spend that money in the development of this Province. (Applause.) We propose as opportunity occurs to get our accounts with the Dominion and all other outstanding accounts we may have settled and put on a basis so that he who runs may read, and we trust that we shall get and we ask for the support of the people of this Province believing that they will understand that whatever mistakes we may make are not deliberate, and that our intention is certainly to do what is right. (Prolonged applause.)

LIABILITIES OF THE PROVINCE.

| | |
|---|----------------|
| 1.—Debts due to Dominion as settled by arbitration, with the exception of claim as under Indian Treaty, No. 3, in dispute'..... | \$1,737,190 72 |
|---|----------------|

NOTE.—17th Award, see Sessional Paper No. 58,1901. Payments have since been made to Dominion on account of C.S. Fund, reducing amount mentioned in award.

2.—Temiskaming and Northern Ontario Railway :—

| | | |
|--|---------------------|----------------|
| Treasury Bills due 15th May, 1906..... | \$5,840,004 00 | |
| Advanced by the Province..... | \$1,636,164 27 | |
| Less repaid from operation earnings..... | 100,000 00 | |
| | <u>1,536,164 27</u> | \$7,376,168 27 |

NOTE.—Against this liability the Province has an asset, the Railway now under construction, the above being the amount expended to 31st December, 1905.

| | | |
|--|---------------------|--|
| 3.—Railway Certificates, present value, outstanding on the 31st December, 1905.. | 2,386,991 54 | |
| Annuities Certificates, present value, outstanding on the 31st December, 1905 | 1,655,549 69 | |
| | <u>4,042,541 23</u> | |

| | | |
|---|--|----------|
| 4.—Common School Fund collections by Ontario from 1st January, 1905, payable to the Dominion in trust for both Provinces..... | | 6,038 73 |
| In trust for Ontario, \$3,440.17 | | |
| In trust for Quebec, 2,598.56 | | |

INDIRECT LIABILITIES OF THE PROVINCE AND GUARANTEES.

| | |
|--|----------------|
| 1.—Algoma Central and Hudson Bay Railway and Associated Industries Guarantee Loan, payable 1st May, 1906 (4 Edw. VII., c. 19)..... | \$2,000,000 00 |
|--|----------------|

NOTE.—The Government has as security for this guarantee certain first mortgage bonds, income bonds and stock of the Lake Superior Corporation, and the stock and bonds of the Algoma Central and Hudson Bay Railway Co., and of the Manitoulin and North Shore Railway Co., and a promissory note for \$725,000 secured by mortgage on certain steamships and vessels of the Algoma Central Railway Company.

2.—Niagara Falls Park

| | | |
|--------------------------|-----------------------------|--|
| Bonds—(50 Vic. c. 13) .. | \$525,000 00 | |
| (57 Vic. c. 13) .. | 75,000 00 | |
| | <u> </u> | \$600,000 00 |
| | | <u> </u> \$2,600,000 00 |

NOTE.—The income of the Park Commission from lease of power, etc., was sufficient to pay all maintenance and interest charges and leave a balance available for capital expenditures, which balance will be much exceeded in future.

TRUST FUNDS OF THE PROVINCE HELD BY THE DOMINION.

| | | |
|---|---------------------|--------------|
| Upper Canada Grammar School Fund, 2 Vic., c. 10, and 250,000 acres of land allotted to it..... | \$312,769 04 | |
| Upper Canada Building Fund (under the 18th section, Act 1854.) | | |
| Seigniorial tenure set apart for local pur- poses in Upper Canada..... | 1,472,391 41 | |
| Land Improvement Fund, being one- fourth of the collection on account of Common School Lands sold between the 14th day of March, 1853, and the 6th day of June, 1861, as per award. | 124,685 18 | |
| Common School Fund (see Consolidated Statutes, c. 26), 1,000,000 acres set apart (proceeds realized to 31st De- cember, 1904), after deducting Land Improvement Fund, \$2,571,908.57, portion belonging to Ontario as per population of 1901..... | <u>1,469,561 73</u> | 3,379,407 36 |

NOTE.—See Awards, Sessional Papers, 1900 and 1901.

CASH AND DEBENTURE ASSETS OF THE PROVINCE.

BANK BALANCES :—

| | |
|--|--------------|
| Current Account..... | \$368,937 69 |
| Special deposits bearing interest..... | 1,570,642 27 |

DEBENTURES :—

| | |
|---|---------------------|
| Drainage Debentures..... | 56,989 49 |
| Tile Drainage Coupons..... | 68,620 85 |
| Sault Ste. Marie Debentures..... | 25,572 50 |
| Loan to Temiskaming and Northern Ontario Railway | <u>1,536,164 27</u> |
| | 3,626,927 07 |

RECEIPTS AND EXPENDITURE, 1905.

RECEIPTS.

| | \$ | c. | \$ | c. |
|---|-------------|--------|------------------|----|
| Balance in Banks Jan. 1st, 1905, Current | | | | |
| Account | 142,288 | 96 | | |
| Special Account | 2,713,295 | 59 | | |
| | | | <u>2,855,584</u> | 55 |
| From Dominion of Canada :— | | | | |
| Subsidy on population | \$1,116,872 | 80 | | |
| “ 47 Vic., cap. 4 | 142,414 | 48 | | |
| Special grant | 80,000 | 00 | | |
| | | | <u>1,339,287</u> | 28 |
| Interest paid by Dominion on | | | | |
| Trust Funds | \$149,325 | 83 | | |
| Less interest paid by Ontario on | | | | |
| balance of account current with | | | | |
| Dominion from Confederation | | | | |
| to date as finally adjusted | | 69,588 | 46 | |
| | | | <u>\$79,737</u> | 37 |
| Interest on investments | | 89,931 | 14 | |
| | | | <u>169,668</u> | 51 |
| Crown Lands Department :— | | | | |
| Crown Lands | \$58,711 | 04 | | |
| Clergy Lands | 2,317 | 39 | | |
| Grammar School Lands | 973 | 10 | | |
| Common School Lands | 8,188 | 79 | | |
| University Lands | 1,186 | 06 | | |
| Rent :— | | | | |
| Mining Leases ... | \$42,747 | 18 | | |
| Crown Lands | 3,166 | 23 | 45,913 | 41 |
| Woods and Forests :— | | | | |
| Bonus | \$520,070 | 91 | | |
| Timber Dues | 1,480,910 | 06 | | |
| Ground Rent | 61,194 | 94 | | |
| Transfer Fees | 2,488 | 00 | | |
| | | | <u>2,064,663</u> | 91 |
| Mining Licenses | | 14,622 | 55 | |
| Rondeau Park | | 131 | 00 | |
| Forest Reserves | | 398 | 00 | |
| Refunds :— | | | | |
| Wood Ranging ... | \$50 | 00 | | |
| Agents' Salaries .. | 167 | 84 | | |
| Mining Inspec- | | | | |
| tions | 91 | 85 | | |
| | | | <u>309</u> | 69 |
| Miscellaneous Fees, etc | | 1,989 | 82 | |
| | | | <u>2,199,404</u> | 76 |

| | | |
|--|-----------------------|--|
| Licenses | \$377,610 88 | |
| Law Stamps | 93,516 70 | |
| Algoma Taxes | 44,163 46 | |
| Education Department | 74,755 56 | |
| Secretary's Department | 131,059 21 | |
| Fisheries | 47,755 03 | |
| Agriculture | 83,162 51 | |
| Supplementary Revenue Act (62, 63 Vic. and IV Edw. VII) | 445,688 33 | |
| Succession Duty | 684,178 36 | |
| Public Institutions Revenue | 148,121 09 | |
| Casual Revenue :— | | |
| Fines, etc. | \$23,385 20 | |
| Public Officers' Surplus Fees .. | 15,810 59 | |
| Insurance Companies' Fees ... | 21,029 86 | |
| Loan Companies' Fees | 9,780 40 | |
| Shooting Licenses, etc. | 26,685 10 | |
| Circus Licenses | 5,159 00 | |
| Private Bills | 13,053 90 | |
| Removal of Patients | 3,152 42 | |
| Official Gazette | 7,023 45 | |
| Statutes, etc. | 1,450 05 | |
| Rent of old Parliament Build- ings grounds | 6,000 00 | |
| Intestate Estates | 9,326 74 | |
| Escheated Estates | 69 20 | |
| Refunds | 1,123 00 | |
| Instalment Sale of Toronto School of Medicine Building | 500 00 | |
| Purchase part of Central Prison Brick Yard | 300 00 | |
| Unclaimed Dividends | 247 50 | |
| Incidentals | 1,088 71 | |
| | <hr/> | |
| | 145,185 12 | |
| Less Refunds | 5,794 18 | |
| | <hr/> | |
| | 139,390 94 | |
| Drainage Works Assessment | 2,332 64 | |
| | <hr/> | |
| | 5,980,095 26 | |
| Drainage Debentures | 10,230 12 | |
| " (Tile) | 8,238 45 | |
| Public Works Cap. Account (Refunds) | 15 88 | |
| Colonial Cordage Co. account of Hemp and Security re Binder Twine | 17,596 71 | |
| | <hr/> | |
| Total Receipts | \$6,016,176 27 | |
| | <hr/> | |
| | <u>\$8,871,760 94</u> | |

EXPENDITURE.

| | \$ | c. | \$ | c. |
|--|-------------|----|----|----|
| Civil Government..... | 374,975 | 69 | | |
| Legislation | 211,107 | 09 | | |
| Administration of Justice..... | 501,524 | 78 | | |
| Education..... | 1,131,799 | 17 | | |
| Public Institutions Maintenance..... | 907,307 | 19 | | |
| Colonization and Immigration..... | 32,225 | 42 | | |
| Agriculture..... | 405,534 | 76 | | |
| Hospitals and Charities..... | 268,182 | 68 | | |
| Repairs and Maintenance..... | 73,333 | 88 | | |
| Public Buildings..... | 234,977 | 40 | | |
| Public Works..... | 69,853 | 29 | | |
| Colonization Roads..... | 178,313 | 02 | | |
| Charges Crown Lands..... | 321,731 | 28 | | |
| Refunds | 35,930 | 52 | | |
| Miscellaneous | 238,699 | 47 | | |
| | <hr/> | | | |
| | 4,985,495 | 64 | | |
| Drainage Debentures Purchased..... | 14,107 | 88 | | |
| Drainage " (Tile) Purchased..... | 1,500 | 00 | | |
| Railway Aid Certificates..... | 120,860 | 68 | | |
| Annuity Certificates..... | 102,900 | 00 | | |
| Common School Fund..... | 7,692 | 67 | | |
| Stationery Account, excess of purchases over distribution..... | 5,450 | 54 | | |
| Good Roads (1 Edw. VII, Chap. 32)..... | 46,081 | 59 | | |
| Sugar Beet Industry (1 Edw. VII, Chap. 44) .. | 74,191 | 55 | | |
| Iron Mining Fund (R.S.O. 1897, Chap. 36).. | 15,236 | 19 | | |
| School of Mining, Kingston (1 Edw. VII, Chap. 44, sec. 11)..... | 22,500 | 00 | | |
| | <hr/> | | | |
| Total Expenditure..... | 5,396,016 | 74 | | |
| Balance in Banks Dec. 31st, 1905: | | | | |
| Current Account | 368,937 | 69 | | |
| Special Account..... | 1,570,642 | 27 | | |
| | <hr/> | | | |
| | 1,939,579 | 96 | | |
| Loan to Temiskaming and Northern Ontario Railway... | 1,536,164 | 27 | | |
| | <hr/> | | | |
| | 8,871,760 | 97 | | |
| | <hr/> <hr/> | | | |

ESTIMATED RECEIPTS, 1906, INCLUDING CASH BALANCES ON
HAND 31st DECEMBER, 1905.

| | | |
|--|--------------|--------------------|
| Subsidy | | \$1,339,287 28 |
| Interest on Trust Funds held by Dominion less interest on debts due by Ontario to Dominion | \$80,000,000 | |
| Interest on Investments | 90,000,000 | |
| | | <u>170,000,000</u> |

CROWN LANDS DEPARTMENT:—

Woods and Forests,

| | |
|-------------------|-----------------------|
| Bonus | \$550,000 00 |
| Timber Dues..... | 1,250,000 00 |
| Ground Rent | 60,000 00 |
| | <u>\$1,860,000 00</u> |

| | |
|--|---------------------|
| Crown Lands | 100,000 00 |
| Clergy Lands | 3,000 00 |
| Common School Lands..... | 15,000 00 |
| Grammar School Lands | 2,000 00 |
| Mining Licenses..... | 20,000 00 |
| Sale of Timber from clearing along T. & N. O. Railway | 50,000 00 |
| | <u>2,050,000 00</u> |

| | |
|--|------------|
| Public Institutions | 125,000 00 |
| Central Prison Industries..... | 67,000 00 |
| Education Department | 75,000 00 |
| Provincial Secretary's Department | 135,000 00 |
| Agriculture | 85,000 00 |
| Casual Revenue | 115,000 00 |
| Succession Duties | 700,000 00 |
| Supplementary Revenue Tax (62 and 63 Vic.) | 450,000 00 |
| Tavern and Brewers' Licenses | 490,000 00 |
| Law Stamps | 70,000 00 |
| Algoma Taxes | 5,000 00 |
| Fisheries | 45,000 00 |

| | |
|--|-----------------------|
| Total Estimated Receipts | 5,921,287 28 |
| Cash Balances 31st December, 1905..... | 1,939,579 96 |
| Total..... | <u>\$7,860,867 24</u> |

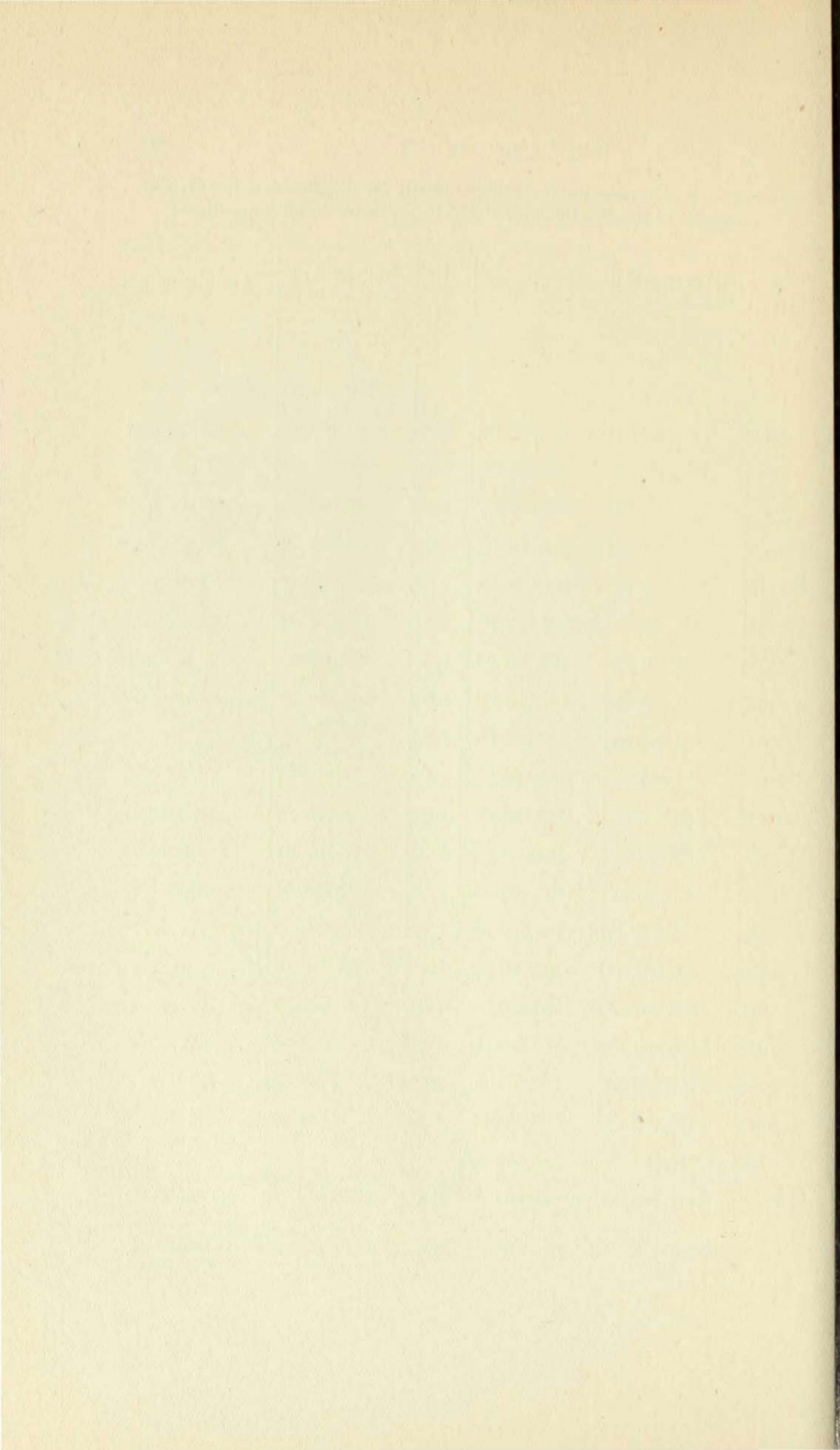
FINANCIAL STATEMENT OF
ESTIMATED EXPENDITURE, 1906.

| | | |
|---------------------------------------|-----------------------|--|
| Civil Government..... | \$420,932 00 | |
| Legislation | 204,600 00 | |
| Administration of Justice..... | 519,058 83 | |
| Education | 1,233,416 58 | |
| Public Institutions Maintenance | 1,039,072 28 | |
| Colonization and Immigration | 35,465 00 | |
| Agriculture .. | 446,406 95 | |
| Hospitals and Charities..... | 286,009 88 | |
| Repairs and Maintenance..... | 87,460 00 | |
| Public Buildings | 412,395 00 | |
| Public Works | 95,260 00 | |
| Colonization Roads | 212,410 00 | |
| Charges Crown Lands..... | 427,525 00 | |
| Refunds | 45,359 63 | |
| Miscellaneous | 160,172 00 | |
| | 5,625,543 15 | |
| STATUTORY PAYMENTS :— | | |
| University Certificates..... | \$30,000 00 | |
| Railway Aid Certificates | 120,860 68 | |
| Annuity Certificates..... | 102,900 00 | |
| | 253,760 68 | |
| Total | \$5,879,303 83 | |

Statement showing amounts payable annually for certificates issued by the Treasurer of the Province for "Aid to Railways" and Annuities.

| Year. | Railway Aid Certificates. | Annuities. | Year. | Railway Aid Certificates. | Annuities. |
|---------------|------------------------------|--------------|---------------|------------------------------|--------------|
| | \$ c. | \$ c. | | \$ c. | \$ c. |
| | | | <i>F'r'd.</i> | 2,417,213 60 | 2,030,900 00 |
| 1906 | 120,860 68 | 102,900 00 | 1926 | 120,860 68 | 69,350 00 |
| 1907 | 120,860 68 | 102,900 00 | 1927 | 120,860 68 | 56,950 00 |
| 1908 | 120,860 68 | 102,900 00 | 1928 | 120,860 68 | 50,700 00 |
| 1909 | 120,860 68 | 102,900 00 | 1929 | 120,860 68 | 50,700 00 |
| 1910 | 120,860 68 | 102,900 00 | 1930 | 120,161 08 | 50,700 00 |
| 1911 | 120,860 68 | 102,900 00 | 1931 | 116,663 08 | 43,700 00 |
| 1912 | 120,860 68 | 102,900 00 | 1932 | 109,667 08 | 32,700 00 |
| 1913 | 120,860 68 | 102,900 00 | 1933 | 106,868 68 | 28,700 00 |
| 1914 | 120,860 68 | 102,900 00 | 1934 | 104,769 88 | 28,700 00 |
| 1915 | 120,860 68 | 102,900 00 | 1935 | 92,876 68 | 24,700 00 |
| 1916 | 120,860 68 | 102,900 00 | 1936 | 86,838 15 | 16,700 00 |
| 1917 | 120,860 68 | 102,900 00 | 1937 | 76,207 94 | 9,200 00 |
| 1918 | 120,860 68 | 102,900 00 | 1938 | 72,709 94 | 2,850 00 |
| 1919 | 120,860 68 | 102,900 00 | 1939 | 67,870 49 | |
| 1920 | 120,860 68 | 102,900 00 | 1940 | 63,987 16 | |
| 1921 | 120,860 68 | 102,900 00 | 1941 | 49,691 89 | |
| 1922 | 120,860 68 | 102,900 00 | 1942 | 13,566 54 | |
| 1923 | 120,860 68 | 102,900 00 | 1943 | 6,668 65 | |
| 1924 | 120,860 68 | 96,200 00 | 1944 | 4,443 22 | |
| 1925 | 120,860 68 | 82,500 00 | | | |
| <i>F'r'd.</i> | 2,417,213 60 | 2,030,900 00 | Totl. | 3,993,646 78 | 2,496,550 00 |

NOTE.—Present value of Railway Certificates (interest $1\frac{3}{4}$ p.c. half yearly) \$2,386,991.54.
do Annuities do $1\frac{3}{4}$ do 1,655,549.69.



Government
Publications

