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Financial Statement

OF

The HON. PETER SMITH

TREASURER OF THE PROVINCE OF ONTARIO

Delivered on the 15th February, 1921

IN THE

LEGISLATIVE ASSEMBLY OF ONTARIO

On moving the House into Committee of Supply

PRINTED BY ORDER OF
THE LEGISLATIVE ASSEMBLY OF ONTARIO



TORONTO :

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THE HON. PETER SMITH

MINISTER OF THE PRODUCE OF ONTARIO

PRESENTED TO THE LEGISLATIVE ASSEMBLY OF ONTARIO

LEGISLATIVE ASSEMBLY OF ONTARIO

Printed by
THE RYERSON PRESS.



BUDGET ADDRESS

DELIVERED BY

HON. PETER SMITH

TREASURER OF THE PROVINCE OF ONTARIO

15th February, 1921

MR. SPEAKER, on rising to move that you now do leave the Chair while the House resolves itself into Committee of Supply, I wish first of all to express my pride in being a member of the present Government and I hope during the course of my remarks to show why I am justly proud of the distinction.

During the year that we have been in office we were untried members, and in making my Budget Speech last session, I emphasized the fact that members of the Cabinet were here just on trial, and that there might be changes made at any time. We were convinced by the time the House met on the last occasion that our Prime Minister was "gold," but we did not know about some of the Ministers. We were untried, but, unlike the former government, we were untrammelled. I told you a year ago that there might be some changes made, but to-day I see the same Ministers in the same places. There have been no changes. They have been carrying on their work so successfully that the chances are there will not be any changes.

Our friends on the other side of the House have also on a few occasions complained about the Prime Minister's insincerity. Some of them have gone so far as to attempt to prove this charge but have failed absolutely. I want to say to my honourable friends opposite that we who have been so closely associated with the Prime Minister since the formation of this Government have learned to know and appreciate his entire sincerity,—a trait I can strongly recommend to the honourable gentlemen opposite.

To realize that sincerity it is only necessary to hear his speeches and to note his actions in the House or out. Best of all the people of Ontario are convinced that he is sincere, frank and honest, and they have given him freely the priceless treasure of their confidence.

Now I am pleased to say to the House, Mr. Speaker, that I have proceeded along the lines laid down in my Budget Address last year in presenting to you the Public Accounts a few days ahead of the Budget Speech in order to give you time to look them over as is only fair and just. Notwithstanding the fact that some people will fail to comprehend them clearly, I still feel that it is in the interests of this House that the Public Accounts should be presented a few days in advance of the Budget presentation and discussion of the finances of Ontario.

Simplified Public Accounts

I also wish to mention that in making out the Public Accounts we made slight changes which simplified them considerably for the honourable members. That is, in Statement Number 1, instead of placing Ordinary and Capital expenditures in different places we put them in parallel columns so that all can see at a glance in the statement how much is charged to Capital and how much to Ordinary, on every principal item. I just want to read you an extract of commendation from one of the official organs of my honourable friend from Grenville, viz., *The Mail and Empire*.

“The Public Accounts this year, the first prepared under the direction of the new Provincial Auditor, contain a number of improvements that will make it vastly easier for the members to get an idea of the intricate finances of the Province than with the old accounts, one of the improvements being the presentation of capital and current expenditures in parallel columns in the one statement showing the amount applied to current and to capital under one heading.”

That is proof enough, I think, that the change is appreciated by my honourable friends.

I am proud of the deficit for I believe that the governments in this or any other country should not pile up enormous surpluses, though I must confess candidly, that I would prefer to have had a little surplus rather than a deficit. But we expected a much bigger deficit than we have, and I believe the public at large did, too. And I want it especially borne in mind that the method of accounting this year has been the same as that of last year's presentation of the accounts when this government was not responsible for them.

I have taken care to show, as far as possible, the fair and justifiable portion of both receipts and expenditures which might be called Capital in both instances, and exactly the same basis has been taken in each case as was taken last year.

The ordinary expenditure amounts to \$25,880,842.45; the ordinary revenue to \$25,078,094.62, leaving ordinary revenue short of ordinary expenditure, \$802,748.83.

Now you will readily see that this statement and this result could have been changed to a more favorable showing had the accounts been treated as in 1918 or in previous years. My honourable friends last year criticized my method of accounting, but I still maintain that I am correct, and I believe the House will sustain me in the attitude I took in presenting the accounts.

In 1918, for example, all Lands and Forests receipts were treated as ordinary revenue. We have this year brought into capital receipts the amount, which is treated as capital realization, amounting to \$903,422.41. In the same way we have treated all expenditure on the Highways and Northern Development, and so forth, charging it to ordinary expenditures, where it rightly belongs, instead of to capital as had been done in previous years.

Had the financial statement been brought down and produced upon the old lines adopted by preceding administrations, including the government of which my honourable friend from Grenville was a member and whose party he has the honour to lead to-day, we would have a surplus. Ordinary expenditure as here shown in our statement as \$25,078,094.62, plus the amount of Lands and Forests, now treated as capital, \$903,422, making

the total revenue \$25,981,517, less the amount of Northern Development, treated as ordinary revenue, \$301,981, which reduces the revenue to \$25,578,000, less the amount of highway improvements, treated as ordinary expenditure, \$863,757, less the amount of expenditure charged to Government in 1920 *re* Hydro-Electric, which has always been treated as capital, \$237,000—that is paid into the Hydro Radial Commission for investigations and electrical extensions, plus Colonization Roads, an amount now treated as capital, \$271,000, plus railway annuity certificates, \$240,000, plus University of Toronto certificates, \$30,000; sinking funds on English loans, \$39,000, making ordinary expenditure, \$25,106,918, and our ordinary revenue, \$25,981,000, which would leave us a surplus of \$875,198, if I had treated the accounts in the way they had been treated previously to our coming into power.

Uncontrollable Abnormal Expenditures

Now I want to explain to you as briefly as possible some of the reasons why our expenditures are so high this year. We were passing through abnormal times and abnormal conditions. In a great many instances we had bills to pay for which we were not responsible. First of all, I wish to mention election expenses.

The election expenses in the last fiscal year 1920, amounted to \$608,960. I believe they were the largest election expenses the Province ever had.

R. L. BRACKIN: You got the benefit of them.

HON. MR. SMITH: Yes, I was just going to add that I thought the Province had got more benefit from those election expenses than any previous.

Now this \$608,000, for General Election expenses is almost equal to our deficit this year. And at the same time I feel that the government who were responsible for creating such expenses in the last election were not treated squarely during that election: I can cite instance after instance where they were exploiting patronage, if you may call it so, at various polls where they never got a vote, not even from their own deputy returning officers.

The next big item of expenditure was \$400,000 to the University of Toronto. That is something that we will take up in the future when discussing the finances of the different universities in the Province of Ontario. It will be dealt with in the House here as a whole.

School Teachers' Superannuation Fund

The next big item of expenditure we have this year to face and which we paid was Teachers' and Inspectors' Superannuation Fund. I mentioned that last year in bringing down the Budget, that the Teachers' and Inspectors' Superannuation Fund had never been paid the amounts justly due it by the Province, and I told you on that occasion that as soon as possible I would take the matter up and have it rectified. And I believe that my honourable friend from Sudbury, during the debate, said it was not necessary, the money was not intended to be paid into the fund for nine or ten years. But (if that was his attitude) I cannot see the logic in his argument. We were using the money contrary to the Act. It was paid into consolidated revenue. It did not belong to the Government. It belonged to that fund and that fund alone. And on October 31 last, I squared that fund away by paying in the Province's share of \$460,000, which was an additional outlay that the Province heretofore had never been called upon to face.

Increase in Civil Servants' Salaries

Another item of expense that I feel is perfectly justifiable was the increase in salaries for the year ending October 31, 1920, to the Civil Servants. It totalled \$460,588. Now that, on the face of it looks to be a large increase in salaries. But while we have made the increases of a generous character, yet we are not going so far as to say that these increases have been too great. In many instances Civil Servants have been enjoying perquisites. We set a value on these perquisites, but they do not show here as deducted from the amount of increase which the Civil Servants got. The whole subject was treated with a desire to be fair to

the Civil Servants and yet keep within the limits that should govern the appointment of officials in our country. I have heard some members say during the debate that Civil Servants were not satisfied. I take issue with that statement: I believe the Civil Servants of Ontario are better satisfied than ever before in their lives, and they do not hesitate to say so. We tried to put the Civil Servants on a footing commensurate with the work they were doing, and fairly in comparison with outside work of the same nature. And we have a satisfied and efficient Civil Service to-day—to an extent you never had before.

Heavy Educational Grants

Now another big item of expenditure made last year was in regard to educational grants. Expenditures upon education are not items which the Government deemed advisable to cut down. This is the policy that has been followed by every progressive country since the close of the war. It is universally felt that the war has made necessary renewed effort to provide better facilities for education. The increased amount paid to rural and separate schools was \$257,000 and \$89,000 respectively; continuation schools (which are simply high schools) got \$39,000 more; grants to agricultural and horticultural schools, \$35,000 more; in the support of technical and vocational training the increased amount paid last year was \$400,000, and the honourable members know that a portion of it is paid by the Dominion Government. This means that nearly one million dollars is now available annually in this Province for technical education.

Another expenditure was \$44,469 as special payments to publishers who have been publishing certain text books and at a great loss. And it was necessary that we recoup them for the losses they sustained or they would cancel the contracts.

MR. MACBRIDE: May I ask if the sum of \$400,000 paid to technical schools came exclusively from the Provincial revenue.

HON. MR. SMITH: I believe that came from the Dominion Government.

MR. MACBRIDE: You said the total amount now spent in the Province for technical education was,—I did not get the rest of it.

HON. MR. SMITH: \$400,000 last year.

MR. MACBRIDE: You said something about \$1,000,000 being available.

HON. MR. SMITH: Almost a million dollars annually is available in this Province for technical education.

Heavy Grants to Universities

Last year, too, we had to make grants to the Universities. We gave \$40,000 to Queen's University, Kingston, and to Queen's University Hospital a grant of \$80,000 annually for 5 years—making a total of \$400,000. Last year the Western University at London got \$19,000, and a vote of \$20,000 was also made by the House to the University of Montreal in aid of rebuilding that University which had been destroyed by fire. They had helped us to rebuild our own University here when destroyed by fire a great many years ago, a gift which we remembered with gratitude. Then we gave \$100,000 to the Royal Dental College and \$350,000 to the University of Toronto to be spent on capital account for the erection of an electrical building which is already built and on which they were short of money.

Maintenance of Public Institutions

Now there was another big item which was unavoidable in the expenditure and that was the maintenance of the institutions. As everybody is aware, just at the end of last year we reached the peak load of expense of everything. One of our chief responsibilities is the scrupulous care of the inmates of the institutions, both in prisons and hospitals for the insane. Unfortunately we cannot estimate beforehand what the cost of these institutions will be because we cannot estimate the number of inmates before the year is out. And there are probably not as many as there will be.

MR. MACBRIDE: I thought we were to have improved conditions under the new Government?

HON. MR. SMITH: The following is the amount of Provincial aid given Public Institutions during 1920: Hospitals in 1919, \$290,000, in 1920, \$389,000; Sanitariums in 1919, \$161,000, in 1920, \$182,000; Refuges in 1919, \$69,000, in 1920, \$77,000; Orphanages in 1919, \$18,000, in 1920, \$22,000; making a total of \$133,119 of an increase in 1920 over 1919.

During the last session of the Legislature the Provincial grant to hospitals was raised to 50 cents per day. The average daily cost of maintaining a patient in hospitals throughout the Province has more than doubled during the last ten years. The average daily cost per patient in 1910 was \$1.25; in 1920, \$2.29.

Special grants to public institutions in 1920 were: District Parry Sound Public Refuge, \$4,000, and Infants' Home, Toronto, \$500.

Now public institutions increased in cost of maintenance \$72,000; salary increases, \$318,000; general expenses, \$274,000; repairs to buildings, \$99,000; miscellaneous, \$12,000. There was an increase of 15 per cent. in the upkeep of the homes and in buying provisions for these institutions. We found that a barrel of flour cost us as high as \$14.55, and it is hard to realize now that before the war we bought flour at \$3.85 a barrel. But these are things over which we have no control; we have got to take care of our wards no matter what the cost may be.

Public Health Department Widened

Now we have another department added on to the Government last year which did wonderful work and cost a lot of money, the Health Department under the Minister of Labour. I do not intend to give you full details of all the things done in the past year, but wonderful work has been accomplished. We feel that any money that is spent on the public health is justifiable. And owing to war conditions there was great necessity for a Department of Health being organized. During the year 1920, the Board of Health was reorganized under the Department of Labour, which now embraces not only the sphere of industry but includes Venereal Diseases, Child Welfare, and Public Nurses. New laboratories were established in Northern Ontario, addi-

tional district officers appointed, and nurses secured and trained in the promotion of public health. The extension of public health work has considerably increased the expenditures for medical and other branches of the work. With the rest of the service salaries were increased, not to such an extent as the rest of the service, but to an extent which the Government thought necessary under the circumstances. Increased expenditures for 1920 over the previous year under the Board of Health, and Registrar-General amounted to \$114,873.36. Of this sum, \$57,000 was advanced by the Dominion Government as its share in the contribution of \$200,000 given by that Government towards control of venereal diseases. The appropriation for 1920 was not nearly all expended, this being due to the fact that it was June of this year before the increased vote was available.

The policy of providing various free vaccines and serums and antitoxins has been continued at a cost of about \$100,000 per year. This greatly increased the expenses for this service, due to the fact that there has been a widespread outbreak of smallpox and diphtheria in Ontario early in the year. There were upwards of 3,000 cases of smallpox in Toronto alone and the number of cases of diphtheria greatly increased. Both of these outbreaks were fortunately of a mild character. We had to meet the additional expense for smallpox vaccine and diphtheria antitoxin. The use of these remedies constantly increased. A few years ago antitoxin cost the individual \$15. Now, under the arrangement made by the Provincial Board, diphtheria antitoxin costs the Province \$1.50 and costs the individual nothing. But the results amply justify the cost to the Province.

There had been, previous to 1920, seven District Officers of Health. This year they were increased to eight. The District Officers of Health are full time, legally qualified men, who have had special training in public health work. They received \$3,800 per annum. In general, their work includes sanitary supervision of the area for which they are appointed. This branch alone I am quite willing to defend as absolutely necessary. It cost the Province \$405,000 this year.

High Rate of Canadian-U.S. Exchange

Now I just have one or two other items I wish to mention particularly, which were abnormally high and over which we had no control. One of these items was the exchange between United States and Canada which we faced this year. I am not going to say that anybody is to blame for this condition. Under the conditions of the time when a particular loan which I am going to mention specially was floated it was done under very unfavourable circumstances, and, unfortunately, the Provincial Treasurer who preceded me in office had to go to the money market just at a time when the Victory Loan campaign was being pushed. And the Dominion Minister of Finance prohibited anybody from entering the financial arena while the Victory Loan campaign was on. Even the bond brokers throughout the Province and the Dominion were not allowed to sell bonds other than Victory Bonds. And on another occasion he had to go to the Dominion Government to get money to keep the Province going. But on this occasion he was forced to get a treasury note of \$3,000,000. And it was made payable in New York. And when that treasury note came due I had to repay that note and it cost me \$391,000 in exchange.

Now other loans were being repaid during the year, and I might say it is impossible for anybody to be able to look into the future and say what will be the rate of exchange five years hence or even one year hence. Even financial men will tell you it is only the wildest guessing to attempt to forecast what the rate of exchange is going to be at some future period.

AN HON. MEMBER: What was the rate of interest?

HON. MR. SMITH: I think it was $5\frac{1}{2}$ per cent. I would not say for sure.

But altogether in exchange on interest coupons and repayment of loans it cost the Government this year \$789,165, or practically the amount of our whole deficit, which would have been wiped out had there been no exchange between Canada and the United States.

We have sold two loans in New York because it was impossible to get money in Ontario at the time we wanted it.

But no one can tell, no one is responsible, I say, for that condition. It was simply brought about by war conditions.

HON. MR. FERGUSON: The loan that was borrowed from New York by the late Treasurer: was no attempt made to renew it rather than pay it off?

HON. MR. SMITH: Yes, there was an attempt. But as it had been renewed twice by my predecessor they refused. They wanted the money.

Increase in T. and N. O. Revenues

I would just like to draw the House's attention for a few minutes to increased revenues that we received during the past year. We received \$100,000 from the T. & N. O. And I am pleased to say to the House, and I am sure my honourable friends from Northern Ontario will be pleased to hear me say so, that the railway has just completed one of the most successful years in its history. And the gross revenues for 1920 were \$4,187,572.65; the gross revenue for 1919, \$3,207,000, or an increase in 1920 over 1919 of \$979,000, practically a million dollars.

MR. MACBRIDE: I notice in the Public Accounts the sum of \$347,000 was paid to the T. & N. O. during the last year. In view of the profit which they made where would that payment fit in?

HON. MR. SMITH: That payment was made on Capital Account.

The earnings in 1919 were \$53,000; in 1920, \$298,000, or an increase of \$245,000.

They were affected just the same as all the other railroads were affected by the McAdoo award in the United States, which affected all the railways in the United States and Canada. They were forced to pay to the men in back pay \$250,000. They had to pay in repairs to engines in Montreal, which was omitted in 1919, \$130,000; two years' dues on ties to the Government, \$26,000; new rails from Sault Ste. Marie, \$92,000; loans to the Nipissing Central, \$37,000.

To-day the railway is in good shape. Their bridges and everything are up to any railroad standard in the Dominion of Canada in efficiency, and I believe that in another year's time we will be able to tell you that the railroad has shown a profit which will take care of interest on money invested, besides showing an extra profit.

The total capital expenditure up to date is \$22,197,614, and we have 463 miles of track; 46 locomotives, all first-class; 65 passenger cars, 658 freight cars, and 138 work cars and ballast cars. A very conservative estimate of the present equipment and rolling stock is \$38,000,000.

Receipts and Expenditures on Highways

I want to go to the highways now. I am not going to make a very long speech about highways because we have the Honourable Minister of Highways sitting here, and he will be able to tell you all about the affairs of his own department, and I do not want to usurp any of his rights or information. But I just want to explain to the House that some \$6,664,000 has been spent as capital expenditure on roads. The amount spent on Provincial Highways is \$4,491,000. On county roads the amount was \$2,623,000. These are just round numbers.

Now the grant to county roads is statutory under the Highways Improvement Act, and is not controlled by the Province. I want to bring to the attention of the House that although we have seemingly by the Public Accounts spent \$6,600,000 on highways we get a refund of \$737,000 from the municipalities. We get \$1,426,000 from the Dominion Government under the Canada Highways Act. A total of \$2,163,942 is anticipated in refunds, which leaves only \$2,327,000 that is charged on the Province. This includes some \$449,000 spent in road repairs, and approximately \$1,089,000 in equipment, gravel pits, stone quarries, etc.

HON. MR. FERGUSON: Has that amount been paid or is it just anticipation?

HON. MR. SMITH: It is just anticipation. I think plans and specifications have been filed with the Dominion Government.

MR. DEWART: How does he show that here?

HON. MR. SMITH: I would say it would be an anticipation rather than a receipt.

Four and a Half Million from Succession Duties

I want to say a few words about the Succession Duties Estates. We received an enormous revenue from Succession Duties this year. It is impossible to estimate the revenue that we might derive from Succession Duties, but we are estimating the revenue this year at four and a half millions. The legislation that we passed last session may not necessarily benefit us during this fiscal year, as the Act did not come into force until the close of last session, and they have eighteen months before making payment. So the fiscal year may be completed before anyone pays. But it will be levied under the new Act. The estimated revenue of the Succession Duties this year was \$4,000,000 and it was increased by \$14,468. The cost of collecting this amount, including salaries, office staff, real estate valuers and other service was \$42,200. I do not think you can beat that very much—collecting \$4,000,000 with \$42,000!

HON. MR. FERGUSON: Has it all been paid?

HON. MR. SMITH: Yes.

There is an important matter in connection with Succession Duty Estates that I wish to bring to the attention of the House. Ontario has not issued any Succession Duty Free Bonds for years. But I want to bring to the attention of the House this fact, that in last year's statement four estates alone held Succession Duty Free Bonds, and on those four estates the Province lost \$189,418 in Succession Duties, to which they would have otherwise been entitled. And these estates are trading these bonds. Men who come under the Succession Duties Act are trading them. We have no way of knowing whether thousands of other estates hold any Succession Duty Free Bonds or not. Unless you are worth a certain amount of money the Succession

Duty Free Bonds are neither here nor there with you. There are three of these issues outstanding to-day.

Now we have remitted to soldiers on their estates for their dependants \$3,978, and that has always been the custom, and it is quite justifiable where the deceased has been killed overseas. And the value of the estates are not usually very large. Sometimes it is only a portion and sometimes it is all that is remitted. But in all the cases it only amounted to a little over \$3,000 this year.

Million and a Quarter from Corporation Tax

Another big revenue producer we had last year was the Corporation Tax Act. Our revenue increased from the Corporation Tax Act \$1,254,000 in one year. That was due largely to the race-track taxation. We received from race tracks \$770,410. We also received from the Amusement Tax of that Department, brought about through the race meets, \$190,000 increase in Amusement Tax.

We also increased the tax on banks, and they were responsible for an increase of \$480,000 to the revenues.

Now I am not going to take up much more time, but I would like to mention two or three other little matters that I think are of great interest to this House. You remember that last year one of the honourable members asked me a question from a report in the newspapers. Ordinarily we do not pay much attention to newspaper reports. But he asked the question whether it was true we were refunding loans in England. I answered at that time that we were. And the amount purchased in England was £1,796,029, which was equivalent to \$8,896,000. Now to refund that loan we floated a loan in New York for \$6,800,000 and this reduced our liability \$2,094,787.

As to Succession Duty Free Bonds

And that is not all. When you consider that these loans are Succession Duty Free you can calculate that every seven times that the loan is handled the face value of it is gone. For in our experience from an actuarial standpoint we learned

that one-seventh of the loan goes every time an estate is closed up if they hold Succession Duty Free bonds among their securities. This alone would mean to the Province of Ontario in one turn-over one million dollars in round figures that would be lost to us in Succession Duty Free Bonds. Now this is a serious state of affairs and I mention it here because we have been criticized in the newspapers and by my honourable friend from South-West Toronto for not advertising public tenders of loans. The press said that we had floated a loan which was below the Province of Saskatchewan loan which was issued a couple of days later. I would like to give you the history of that loan. We did float a \$10,000,000 loan here, but it was not free from Succession Duties. It was not free from any taxation whatsoever, and we got 96.78. Then the brokers suggested that if we would increase that loan \$10,000,000 further they would pay 98.50 for the additional \$10,000,000. So our loan would have been three-quarters of a point above the Saskatchewan loan. Moreover, the Saskatchewan loan was for only \$2,000,000, which makes all the difference in the world as to the quotation. You can go into the money markets of Ontario and successfully float a \$2,000,000 loan where you could not float a \$10,000,000 loan. And the last loan was not free from Succession Duties, as compared with that of Saskatchewan.

HON. MR. FERGUSON: How do you reconcile the statement that you would have got a higher price if you had offered \$20,000,000 instead of \$10,000,000?

HON. MR. SMITH: From the fact that we had given the market a better tone from our \$10,000,000 loan. It was the fact that our loan went so readily that increased the price that Saskatchewan was able to get for theirs. And the market went up gradually until we could have got 98.50 for our second \$10,000,000.

The selling price of bonds is uncontrollable. We cannot predict the outcome of a loan, nor can we tell how a loan will be received by the public. We based our last estimate on the price of the 1934 Victory Loan. We always felt that when floating a loan on the same basis of the 1934 Victory Loan,

which was subject to income tax, we were within the proper scope of financing.

If I was to have advertised the loan we could not have got so good a price as we actually did by co-operation.

Capital Expenditure Fifty-two Million

Now I just want to take up a few minutes more in dealing with Capital Expenditures of the Government. We spent last year all told on Capital Expenditure \$52,250,000. I just want to tell you how that was spent.

We paid out on loan due February 1, 1920, \$3,302,324. We paid off "K" Loan, contracted in 1915 by the late Government, \$1,029,903. We paid off in England, \$8,889,000. We paid off Treasury Bills, \$1,042,000. We paid off Treasury Bills due May 15, 1919, \$3,152,000; Treasury Bills due June 10, \$512,000; Treasury Bills due July 14, \$3,100,000; Treasury Bills due September 15, 1919, \$3,394,000; and to pay indebtedness to the Teachers and Inspectors' Superannuation Fund, \$1,650,895. This leaves a balance of \$28,859,000 to be accounted for in the year's operations. And that amount is constituted as follows:

Hydro-Electric	\$18,000,000 00
Highway Improvement	6,600,000 00
Highways Dept., Toronto and Hamilton (culverts and bridges)	218,000 00
Public Buildings, on capital account	910,000 00
Northern Development	989,000 00
Colonization Roads, capital account	271,000 00
Education, Building of Royal Dental, Queen's	655,000 00
Soldiers' and Sailors' Land Settlement	211,000 00
Academic course for returned men	114,000 00
Soldiers' Aid Commission	90,000 00
Hospital for children of soldiers	30,000 00

This is the way the money was spent. These are the things that the money was invested in, and unfortunately we had a lot of payments (refunds) outstanding, which caused us to go into the market so frequently for money.

Now I think each member has got a statement of the Assets and Liabilities of the Province on his desk. They are self-

explanatory. I think the total liabilities are \$128,000,000.00, and the total assets \$142,000,000.00. Of the total amount of our liabilities the T. & N. O. Railway represents an investment and the amount advanced to the Hydro-Electric Power Commission is just simply a loan from the Province to the municipalities. We have received back already a sinking fund on account, which, with future payments, will retire loans entirely at the expiration of the 30-year period. And the liability that we assumed in money that we advanced to the Hydro-Electric Power Commission on development work is just simply a loan to the municipalities.

Now we have increased expenditures for the present year. Our estimate of ordinary expenditure for the present year is \$20,880,000. Our estimate of ordinary revenue for this year is \$25,683,000. That does not include Statutory expenditure, which will be about the same as last year.

MR. HALL: I notice an estimate for income during the year from Northern Ontario is \$500,000, but I do not see where it is proposed to spend anything.

HON. MR. SMITH: You will find it in the back of the Supplementary Estimates under Ordinary Expenditure items. It is in the Blue Book.

HON. MR. SMITH: There is no chance, my honourable friend of our forgetting the T. & N. O. as long as you are in the House.

Now we have also Mothers' Allowances to provide for during the coming year, and we have another large item which it is important that we be prepared to meet and that is the amount required for the unemployed. The situation looked much more serious a short time ago than it does to-day. It is impossible for us to estimate what it might cost, but whatever it may be the Province has got to take care of it, and we are only too willing to do it and sorry that such an occasion should arise. I believe that economic conditions will be relieved to such an extent shortly that a great many of the factories now closed down will be operating.

Large Increase in Estimated Revenue

To offset the increased expenditure in certain lines next year, including Mothers' Allowances, we are amending the Corporations' Tax Act, that will bring in an estimated revenue of \$450,000.

HON. MR. FERGUSON: Amending it in what way, just increasing the taxation?

HON. MR. SMITH: Yes, increasing the tax on banks, making it one quarter of one per cent. on reserve funds of banks. We are treating it just the same as capital.

We are increasing the railways from \$25 per mile to \$40 per mile. This is legislation that is going to be put before the House. I am probably premature in stating that such and such a thing will be the case. But while the Canadian National Railways is likely to have a large deficit, other railroads are making money and have increased their rates two or three times, passenger rates and express rates, and we feel we are perfectly justified in having a little more revenue.

MR. MACBRIDE: Does it apply to street railways?

HON. MR. SMITH: No.

We are proposing to put a tax on billiard parlours which will increase our revenue \$250,000.

We are proposing to tax real estate transfers two mills on the dollar all over the Province and our estimated revenues from that is \$250,000.

HON. MR. FERGUSON: Is that on the total amount of the transfer.

HON. MR. SMITH: Yes. We are expecting to increase the revenue from the Mining Tax Act \$100,000.

The total estimated increase in revenue from these sources will be \$1,500,000.

Ontario Financially and Commercially Sound

May I say in conclusion that the Province of Ontario is financially and commercially sound, the best Province in the Dominion of Canada, but I would like to utter a warning to the

members on the opposite side of the House. We are in the money markets continually for money and will be until the Hydro developments are completed, and it will be both wise and patriotic for our friends in the loyal Opposition forces to refrain from saying anything that will hurt the credit of Ontario, that will have any adverse effect on the borrowing powers of the Province.

We are pleased to put all our statements before the House. We have nothing to hide. We are only too anxious to give you all the fullest information, and all we ask in return is just such criticism as you think fair. All we ask for is a square deal.

Budget Debate Continued

The Hon. Peter Smith in concluding the Budget Debate on March 10th, 1921, said:

Mr. Speaker, I do not desire to take up very much of the time of the House. Our Government has not very much to defend, but I am going to take up the few criticisms of the Opposition and deal with them.

Now the Prime Minister has very ably addressed you and given you a very exhaustive explanation of the finances of the Province and I think he did it fairly and so that everybody could understand. But anybody can realize that it was impossible for us to correct all the errors in the Province of Ontario that have been perpetrated by our honourable friends for the last ten years.

Ear-marking Loans

The honourable member for South-West Toronto, in making his address said that we should ear-mark the loans so that the people and the members of the House would know what we are doing with the money. Now I do not pretend to be a financial expert. I do not think he does or he would never make such a statement as that in the House this afternoon. Anybody can understand that if you sell a loan ear-marked for any purpose that that loan is not used for any other purpose. For, under-

stand, if we were to ear-mark one for Hydro, one for public buildings, another for roads, and another for Northern Ontario we would have millions of money for which we had to pay about 6%, lying in the banks drawing only 3%. Moreover, we would require a staff three times its present size and we would have to have a different set of books for every loan. It would be absolutely impracticable. We turn all the money into consolidated revenue, and I am absolutely opposed to ear-marking anything for any particular specified purpose. It cannot be done successfully without great loss and a great deal more work in the Department.

MR. DEWART: Do I understand then that there is not separate booking of the moneys so borrowed?

HON. MR. SMITH: No, there is not. It is all turned into consolidated revenue.

MR. DEWART: The funds that are borrowed under R.S.O., Chapter 39, might part of these moneys be used for Highways?

HON. MR. SMITH: Yes, it is just put in a pot and everything comes out of the pot.

MR. DEWART: Then with respect to the last loans for sixteen and ten millions, part of that money might be diverted and put into Highways and Hydro-Electric, and so on.

HON. MR. SMITH: Exactly. We account for every dollar of it.

The Hon. Member for South-West Toronto also instanced for our information the Quebec issue this afternoon. I asked him then whether the loan was payable in New York. He said he did not know but that he would find out. I have since learned myself and it is payable not in New York but in Canada.

MR. DEWART: The Quebec loan in March of twenty millions, I should have said: I see that was payable in New York

HON. MR. SMITH: Well, you only mentioned one. You said they tried it out first and sold a million at 98 and sold the balance of four millions for 99, and the Province sold them themselves.

Now I know how they sold their loan, and I do not intend to say how they went about it but they paid one and a half points for disposing of these loans. That was also paid out of the Treasury Department.

HON. MR. FERGUSON: A commission of one and a half per cent.

HON. MR. SMITH: But this is what I want to emphasize: That our issue would compare favourably with them at the same time of year, and you can only compare loans almost on the same day to get a favourable comparison. We sold eight million dollars worth, payable in Canada only—and mark you the difference in the size of the loan—eight millions at 98.236. We got over a point more than Quebec did for its loan at the same time.

Sinking Funds for Loans

Now he brought out a good point this afternoon, that is, that we should provide sinking funds for our loans. That is absolutely right and I heartily concur with him. It never has been done in the past, outside of the English loans sinking fund which now amounts to \$1,387,000. We have for Hydro sinking funds, \$595,000. And that is the exact amount we should have had on October 30, 1920, to take care of the loans for the Hydro. That represents repayment and sinking funds for the municipalities which will absolutely retire the whole loans at the expiration of the period provided, which is thirty or forty years.

This summer we set aside a sinking fund for our own loans. We realized that the time had come to do this, and under the Act we have during these four months of this year set aside the sum of \$203,000 in sinking fund. That is not very much but we are going along paying up what we can.

Now there is just one other matter in regard to these loans that my honourable friend from South-West Toronto mentioned this afternoon and that was borrowing under R.S.O., Chapter 39, section 14, (that is for the Hydro), and up to date we have

borrowed under that Act sixty-four million dollars and we have paid to Hydro seventy-seven million dollars. So we have not been borrowing from that loan in excess. We still owe ourselves from that loan fourteen million dollars.

Orpington Hospital

Now my honourable friend from Grenville said that he could not understand how it was when we sold the Orpington Hospital in England, we put the proceeds into ordinary revenue. In looking up the Public Accounts in 1915, on page 817, I see that the late government paid towards Orpington Hospital \$278,195 out of ordinary revenue. They paid in 1916 (Public Accounts), \$373,000, and in 1917, \$496,000, so that the building was built out of ordinary revenue. Why should it not be ordinary revenue when we sell it?

HON. MR. FERGUSON: It was taken out of the war fund.

HON. MR. SMITH: There was no war fund in the first year.

HON. MR. FERGUSON: It was taken out of the mill on the dollar.

HON. MR. SMITH: You charged the mill on the dollar to ordinary revenue, and the war expenditure during your regime you spent as ordinary expenditure. So why should we change? We had no revenue coming in to take care of war expenditure. As I told you before I believe that if there had been no general election expenses to meet we would not have had a deficit.

Recent Loans

My honourable friend from North-East Toronto, Seat B. the Whip, made a very jaunty address the other evening on the Budget, and he said the next election expenses of this Province will be paid by the Conservative Party. I do not believe it. There is one thing I will say: that if it should fall to your good fortune to pay the next election expenses they will be nothing like as heavy as they were when we had to pay yours, because we amended the Election Act so we do not have to have a whole army of people out through the Province getting names. We are

going to do it in the most scientific and honest way possible. And we are going to put the original lists in men's hands who will see that the people who are entitled to vote may vote.

He also said in criticizing the loans that he had a broker down town who would pay 98 for them. There is no one broker in Toronto, I venture to say, who would have undertaken the liability for them.

MR. THOMPSON: May I ask my honourable friend, the Provincial Treasurer, if he gave the brokers a chance by advertising, and is there any competitive basis?

HON. MR. SMITH: No.

He said also at the same time that we ought to have got more money. I have had people say to me when I have sold a loan that they would have made more money out of it. I sold a three-million-dollar loan and one broker said he would have paid so and so, but he did not know it was advertised. He said: "I wish I could get some," and I said, "All right, you can just have three million more at the same price." He couldn't get out of my office fast enough!

MR. THOMPSON: That wasn't Mr. Pepall, was it?

HON. MR. SMITH: No, it was somebody that knows a great deal more about financing than either you or I.

When I sold these loans I did not do it on my own initiative. I had two of the best financial men in the Dominion of Canada advise me on the \$16,000,000 loan. If I were to tell you their names you would agree with me.

DR. GODFREY: You had better change your advisers.

HON. MR. SMITH: To-day, I want to say to you, you cannot advertise a loan for \$16,000,000 and get a bid for it in the Dominion of Canada, because nobody would take the liability for that amount of money. Then with the large quantities of money we require it is impossible for us to get a clean enough market which we can enter again. As an example of what I mean, mention was made here this afternoon by my honourable friend from South-West Toronto of the loan we sold at 104.53; payable in New York. That loan was bought too dear and we could not go

back to the New York market for more because the brokers had not been able to dispose of the issue. I sold a loan in Ontario to a local bond broker here and he lost \$45,000 on \$2,000,000 worth of bonds. You cannot to-day sell a loan in the Dominion of Canada of the size we require. We are in a different class altogether from any other province or any other municipality. My honourable friend mentioned Toronto, but we are not to be compared with Toronto because our financing is twice as heavy as theirs.

He advised me to get in touch and co-operate with the Commissioner of Finance in the City of Toronto. We had already done so three months ago, and discussed the whole situation.

MR. THOMPSON: Might I ask the honourable Provincial Treasurer does he take the ground that it is not a wise thing to advertise and to have competitive offers, or in his estimation is it better to get two or three brokers together and let them give quotations?

HON. MR. SMITH: No, I do not think so. I got 24 brokers together on the last loan.

HON. MR. SMITH: Here is another piece from the *Mail and Empire* on the same loan, and this is a paper that you will not contradict:

"The Ontario Government at a time of money scarcity has succeeded in borrowing a large sum of money on exceptionally favourable terms."

And a little further on it says, "this was an excellent piece of financing."

I have no apologies to offer. I do not stand here to-night and say that we never make any mistakes. And I am willing to take advice from anybody. And in taking advice on bond issues I have got the best advice available in Toronto.

Must Take the Current Market Price

I was going to tell you a few minutes ago about the loans, just to show you comparative prices. The last loan that was issued by the late administration just previous to the election, when they were imbued with a very great sense of security as to what was going to be the outcome of the election, they sold a

loan of \$4,000,000 at $5\frac{1}{2}\%$. The cost to the Province was 6.25 per cent. The price they received was 94.48, payable in New York. It was done without tenders, there was no advertising; it was a private loan. Then they stand up and tell me that I should advertise. And I believe I should advertise, and if it was possible we would get our money by advertising. I am willing to try anything. I am even willing, as was suggested the other day, to try selling bonds over the counter. But with the large amount of financing we have to do we do not wish to antagonize the local bond brokers.

The previous experience of my honourable friend from Grenville was not satisfactory in selling bonds over the counter in the Treasury Department and it was a very expensive trial on some of the loans. But conditions may be different to-day. I do not know. If we thought it would be successful we would try it.

Just by way of comparison the next loan we negotiated after the one the late Government sold, payable in New York, we got 97.76 on the same terms, ten year, $5\frac{1}{2}\%$, payable in Canada only. That shows you the different price you receive for bonds. When you realize that it is payable in New York, or payable in Canada only, there is every difference on account of the rate of exchange, something over which we have no control. And there are times when we are forced into the American market for money.

My honourable friend from Brantford referred me to the Dominion of Canada Victory Loan. At the very same time that we were selling our loan the Dominion of Canada was also selling. Ours was payable in Canada. Theirs was payable in the United States. Theirs was drawing 7%; ours was drawing 6%. They got 96 for their loan, payable in New York funds. That was Canadian money but the loan was made payable in New York—a 7% loan, without tender. Now the only fair comparison would have been a bond issue at the same time that we sold the \$16,000,000 loan. The price that you can get for a loan is what they are worth at the time you need the money. If you are going to sell anything you have to take the market price.

Ontario Government Deficits

HON. MR. SMITH: My honourable friend from Grenville recently declared, according to the press, that we had had the first deficit in 15 years.

HON. MR. FERGUSON: Oh, no! In five years—since the beginning of the war in 1914.

HON. MR. SMITH: My honourable friend not only took explicit care in referring to the manner in which the Government recorded the first deficit in 15 years, but he maintained that we increased the debt. That may or may not be true.

HON. MR. FERGUSON: The fact is that there has not been a deficit since the year 1914, five years ago.

HON. MR. SMITH: There was a deficit in 1919, of \$599,000. If my honourable friend had done his accounting the way that I did he would have had a deficit every year. And at the same time my honourable friends on that side of the House criticize me for the changed accounting. Last year my honourable friend from Sudbury criticized me for the fact that I had divided Lands and Forests and put part in as capital receipts. This year he did not get up and criticize me for doing that, although I had taken \$903,000 away from the Lands and Forests, which had always been treated as ordinary, and treated it as capital.

Conclusion

Now I just want in conclusion to ask my honourable friends opposite this: is it your wish that we shall cut down our expenditure on Hydro-Electric? On Mothers' Allowances? On any outstanding estimate?

HON. MR. FERGUSON: Perhaps I can answer; if they will reduce the cost of administration and the machinery that they have surrounding themselves they will have a great deal more revenue for other purposes.

HON. MR. SMITH: We may have the opportunity to cut down expenditure in some way. Fortunately we are now fairly well free from the legacies left us by the previous administration. My honourable friend to-day quoted the array of lawyers,

judges, and so on that we had employed during the past year. Well, in the case of my department our total expenditure shows in the Public Accounts that we paid out \$12,000, but \$9,000 of that belongs to the previous year.

There is no necessity for me to say anything further. The hour is growing late, and I want the vote on this motion, and I therefore, move, Mr. Chairman, that you do now leave the chair.

ASSETS AND LIABILITIES OF THE PROVINCE.

OCTOBER 31ST, 1920.

CASH AND DEBENTURE ASSETS.

BANK BALANCES:—

Current Account	\$1,271,393 66	
Special deposits bearing interest ..	4,400,000 00	
		<u>\$5,671,393 66</u>

SINKING FUNDS:—

Amount of stock purchased for the Province for sinking fund by the Bank of Montreal, Fiscal Agents, to the 31st October, 1920.

One-half of 1 per cent. per annum on the principal:

£544,010 2s. 4d. Loan, 5 Edw. VII, cap. 2 and 3.

£842,406 0s. 11d. Loan, 8 Edw. VII, cap. 11 and 12.

£444,796 3s. 8d. Loan, 4 Geo. V., cap. 9.

£285,452 16s. 2d. at par of exchange	1,387,300 58
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DEBENTURES:—

Drainage Debentures, Municipal ...	\$225,631 91	
Tile Drainage Coupons	704,029 29	
Sault Ste. Marie Debentures	25,572 50	
Village of Eganville Debentures ...	11,898 79	
Town of Cochrane Debentures	37,668 34	
Township of Whitney Debentures..	16,673 08	
Township of Tisdale Debentures ..	25,852 35	
		<u>1,047,326 26</u>

Temiskaming and Northern Ontario Railway, amount expended to October 31st, 1920. See Statement No. 23	22,681,505 65
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Hydro-Electric Power Commission of Ontario, amount advanced to October 31st, 1920	\$54,324,316 10
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Less Sinking Fund payments, with accrued interest	595,622 63	
		<u>53,728,693 47</u>

(Interest and Sinking Fund to be paid by Municipalities.)

Central Ontario Electric System for purchase price thereof—6 Geo. V., cap. 18—advances thereto to October 31st, 1920	\$11,763,185 00
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For purchase of certain pulp and timber in the Township of Bruton, 6 Geo. V., cap. 18	225,000 00	
		11,988,185 00
Balance due from sale of Central Prison and Toronto Asylum properties		473,320 00
Northern Development Branch:—		
Cash Balances unexpended: Roads, etc.	\$95,422 73	
Seed Grain Notes outstanding	70,420 20	
Cattle Purchase Notes outstanding	12,315 00	
Soldiers' Settlement Notes outstanding	80,537 75	
Settlers' Loans outstanding	390,532 40	
		\$649,228 08
Contingent Assets:—		
Kapuskasing: Buildings, Equipment, Implements, Stock, etc. ...	\$120,562 54	
Shackleton Colony: Buildings and Improvements	15,364 00	
Monteith Training School and Buildings	46,440 00	
New Liskeard Creamery	15,506 54	
New Liskeard Farm...	16,752 83	
Roads: Buildings, Plant, Equipment, Machinery, Motors, Tractors, etc.	121,864 97	
		336,490 88
		985,718 96
Estimated amount outstanding on Crown Lands and interest		975,000 00
Estimated amount outstanding on Timber Dues, Bonus, etc., 31st October, 1920		1,300,000 00
Ontario Municipalities—Indebtedness under the Ontario Housing Act, 9 Geo. V., cap. 54, to be repaid with interest		5,892,696 71

TRUST FUND OF THE PROVINCE HELD BY THE DOMINION.

Common School Fund (See Consolidated Statutes, c. 26), 1,000,000 acres set apart (proceeds realized to 31st December, 1919), after deducting Land Improvement Fund, \$2,651,089.84, portion belonging to Ontario as per population of 1911\$1,478,004 14

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

Common School Fund, Montmorency Bridge Debentures paid over to the Dominion <i>re</i> Quebec Turnpike Trust, \$6,000.00, portion belonging to On- tario as per population of 1911	3,345 05	1,481,349 19
Present value of Buildings and Lands on on which they stand and surround- ing areas belonging to the Province, October 31st, 1920	23,976,679 42	
Capital expenditures on development ac- count in fiscal years 1919 and 1920. Northern Development, making of roads and farms	\$2,067,196 30	
Improvement to Highways	8,778,534 28	
Colonization Roads	521,643 82	
Purchase of Hydro Power Plant, Mon- teith	27,061 10	
	11,394,435 50	
		\$142,983,604 40

ESTIMATED ASSETS—RESOURCES.

Pine Timber	\$132,000,000 00	
Pulpwood Timber, Ties, Poles, Hard- wood, etc.	225,000,000 00	
Mining Lands and Profits	100,000,000 00	
Agricultural Lands	15,000,000 00	
Water Powers	20,000,000 00	
Sand, Gravel, etc.	1,000,000 00	
District of Patricia, area of 146,000 miles, Timber, Fisheries, Furs and Mining Possibilities	10,000,000 00	
	\$503,000,000 00	
Taxable property in Ontario actually assessed by Municipalities, over	\$2,000,000,000 00	

DIRECT LIABILITIES OF THE PROVINCE.

(1) Ontario Government Inscribed Stock (London, Eng., loan), 5 Edward VII., cap. 2 and 3, 3½ per cent., principal due 1st January, 1946, for construction of Temis- kaming and Northern Ontario Rail- way, £544,010 2s. 4d., at par of exchange	\$2,647,515 88
(2) Ontario Government Inscribed Stock (London, Eng., loan), 8 Edward VII., cap. 11 and 12, 1 George V., cap. 4, and 2 George V., cap. 2, 4 per cent., principal due May 1st, 1947, for construction of Temiskaming and Northern On- tario Railway, etc., £842,406 0s. 11d. at par of exchange	4,099,709 41

(3)	Ontario Government Inscribed Stock (London, Eng., loan), 4 George V., cap. 9, 4½ per cent., principal due January 1st, 1965, £444,796 3s. 8d., at par of exchange	2,164,674 77
(4)	Ontario Government Bonds and Stock, 5 Edward VII., cap. 2, and 6 Edward VII., cap. 4 (Canadian loan), 3½ per cent., principal due July 1st, 1926, and July 1st, 1936, for construction of Temiskaming and Northern Ontario Railway ..	3,000,000 00
(5)	Ontario Government Bonds and Stock, 5 Edward VII., cap. 2 and 3 (Canadian loan), 4 per cent., principal due June 1st, 1939, for construction of Temiskaming and Northern Ontario Railway	1,150,000 00
(6)	"A" Ontario Government Bonds and Stock, 8 Edward VII., cap. 12, and 9 Edward VII., cap. 8 (Canadian loan), 4 per cent., principal due June 1st, 1939	3,500,000 00
(7)	"B" Ontario Government Bonds and Stock, 1 George V., cap. 9, and 8 Edward VII., cap. 12 (Canadian loan), Algonquin Park Loan and Purchase Act, 4 per cent., principal due May 1st, 1941	500,000 00
(8)	"C" and "D" Ontario Government Bonds and Stock, 8 Edward VII., cap. 12, and 1 George V., cap. 4 (Canadian loan), 4 per cent., principal due November 1st, 1941 ...	3,000,000 00
(9)	"L" Ontario Government Bonds, 4 Geo. V., cap. 4, due May 1st, 1925 (Canadian loan), 4½ per cent. ..	4,000,000 00
(10)	Ontario Government Bonds (Canadian loan), 6 George V., cap. 2, 5 per cent., due June 1st, 1926	4,000,000 00
(11)	"M" Ontario Government Bonds, 6 George V., cap. 18, 4 per cent., due March 1st, 1926	8,350,000 00
	(For purchase of certain Water Powers.)	
(12)	"N" Ontario Government Bonds, R.S.O., 1914, cap. 39, due December 1st, 1926, 5 per cent.	2,000,000 00
(13)	"P" Ontario Government Bonds, 2 Geo. V., cap. 2, due January 1st, 1923, 5 per cent.	1,000,000 00
(14)	"R" Ontario Government Bonds, 6 Geo. V., cap. 18, due July 2nd, 1927, 5 per cent.	225,000 00

(15)	Loan from Dominion of Canada, 7 Geo. V., cap. 2, due January 15th, 1923, 6½ per cent.	2,000,000 00
(16)	Loan from Dominion of Canada, 9 Geo. V., cap. 54, Housing Act, 5 per cent.	8,750,000 00
(17)	"T" and "U" Ontario Government Bonds, 7 Geo. V., cap. 2, due Feb- ruary 1st, 1928, 6 per cent.	3,000,000 00
(18)	"V," "W," "X," "Y," Ontario Government Bonds, 8 Geo. V., cap. 21, due May 15th, 1928, and August 15th, 1928, 6 per cent. ...	6,000,000 00
(19)	"B.B." Ontario Government Bonds, R.S.O., 1914, cap. 39, due January 1st, 1922, 5 per cent.	3,000,000 00
(20)	"C.C." Ontario Government Bonds, R.S.O., 1914, cap. 39, due April 15th, 1922, 5½ per cent.	3,000,000 00
(21)	"D.D." Ontario Government Bonds, 9 Geo. V., cap. 2, due May 28th, 1922, 5 per cent.	4,000,000 00
(22)	"E.E." Ontario Government Bonds, 9 Geo. V., cap. 2, due August 15th, 1924, 5½ per cent.	3,000,000 00
(23)	"F.F." Ontario Government Bonds, R.S.O., 1914, cap. 39, due Sept. 23rd, 1929, 5½ per cent.	4,000,000 00
(24)	"G.G." Ontario Government Bonds, R.S.O., 1914, cap. 39, due December 1st, 1929, 5½ per cent.	3,000,000 00
(25)	"H.H." Ontario Government Bonds, R.S.O., 1914, cap. 39, due January 1st, 1930, 5½ per cent.	3,000,000 00
(26)	"J.J." Ontario Government Bonds, R.S.O., 1914, cap. 39, due March 1st, 1929, 5½ per cent.	5,000,000 00
(27)	"K.K." Ontario Government Bonds, R.S.O., 1914, cap. 39, due April 1st, 1935, 6 per cent.	2,000,000 00
(28)	"L.L." Ontario Government Bonds, 7 Geo. V., cap. 3, due April 15th, 1925, 6 per cent.	6,800,000 00
(29)	"M.M." Ontario Government Bonds, R.S.O., 1914, cap. 39, due June 15th, 1930, 6 per cent.	8,000,000 00
(30)	"N.N." Ontario Government Bonds, 10 Geo. V., cap. 6, due October 1st, 1923, 6 per cent.	3,000,000 00
(31)	Ontario Government Bond, 10 Geo. V., cap. 99, sec. 10, Ontario Tea- chers' and Inspectors' Superannu- ation Fund Bond, due October 31st, 1930, 6 per cent.	2,000,000 00

(32)	"G.G." Treasury Bills, 7 Geo. V., cap. 2, 5¼ per cent. per annum, due November 3rd, 1920	1,000,000 00
(33)	"H.H." Treasury Bills, R.S.O., 1914, cap. 39, 6 per cent. per annum, due November 15th, 1920	3,000,000 00
(34)	"J.J." Treasury Bills, R.S.O., 1914, cap. 39, 6 per cent. per annum, due December 15th, 1920	5,000,000 00
(35)	"K.K." Treasury Bills, 10 Geo. V., cap. 6, 6 per cent. per annum, due April 15th, 1921	6,000,000 00
(36)	Railway Certificates, present value outstanding on 31st October, 1920 ..	\$1,939,168 39
	Annuity Certificates, present value outstanding on 31st October, 1920 ..	825,218 60
		<hr/> 2,764,386 99
(37)	Common School Fund collections by Ontario, from 1st January, 1920, payable to the Dominion, in Trust for both Provinces.	
	In Trust for Ontario	\$1,762 17
	In Trust for Quebec	1,398 62
		<hr/> 3,160 79
(38)	University of Toronto Certificates, \$30,000.00 per annum for 15 years, 5 Edward VII., cap. 37, present value at 3½ per cent. per annum	345,522 30
(39)	Assurance fund under the Land Titles Act, R.S.O., 1914, cap. 126, sec. 128	110,000 00
(40)	Municipal Securities, 8 Edward VII., cap. 51, Municipal Sinking Funds on deposit with the Prov- ince of Ontario to October 31st, 1920, with accrued interest	463,221 06
(41)	Queen Victoria Niagara Falls Park Bonds, Sinking Fund payments ..	318,562 96
		<hr/> \$128,191,754 16

INDIRECT LIABILITIES OF THE PROVINCE AND GUARANTEES.

(1) Niagara Falls Park Bonds:—

(50 Vic., c. 13)	\$525,000 00
(57 Vic., c. 13)	75,000 00
(8 Edw. VII., c. 29)	100,000 00
(10 Edw. VII., c. 21)	200,000 00
	<hr/> \$900,000 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 expenditure.

(2) The Canadian Northern Ontario Railway Company,

Guarantee by the Province of Ontario, under authority of 8 Edward VII., cap. 47, of principal and interest at $3\frac{1}{2}$ per cent. per annum, Debenture Stock of above Railway, payable in 30 years from 30th June, 1908, £1,615,068 9s. 7d. sterling

..... 7,860,000 00

Secured by First Mortgage on Railway, Rolling Stock and Terminals.

(3) University of Toronto.

Guarantee by the Province of Ontario, under authority Order-in-Council, 15th July, 1908, and 16th June, 1909, Debentures of above University, payable 15th July, 1910, to 15th July, 1949, 40 years, \$500,000.00.

Present value for 29 years at 4 per cent.

429,008 76

(4) University of Toronto.

Guarantee by the Province of Ontario, under authority Order-in-Council, 7th April, 1911, Debentures of above University, payable 1st January, 1912, to 1st January, 1951, 40 years, \$130,000.00.

Present value for 31 years at 4 per cent.

115,521 20

(5) University of Toronto.

Guarantee by the Province of Ontario, under authority Order-in-Council, May, 1912, Debentures of above University, payable 1st January, 1912, to 1st January, 1951, 40 years, \$300,000.00.

Present value for 31 years at 4 per cent.

266,588 74

(6) University of Toronto.

Guarantee by the Province of Ontario, under authority Order-in-Council, April 14th, 1915, Debentures of above University, payable 1st January, 1915, to 1st January, 1954, 40 years, \$110,000.00.

Present value for 35 years at $4\frac{1}{2}$ per cent.

104,329 53

915,448 23

(7) Town of Bruce Mines.

Guarantee by the Province of Ontario, under the authority of R.S.O., 1914, cap. 266, sec. 36, subsec. 3, amended by sec. 5, Stat. Law Amendment Act, 1914, Debentures of above Town payable January 1st, 1918, to January 1st, 1947, interest, 6 per cent. per annum

25,000 00

(8) Town of Cochrane.

Guarantee by the Province of Ontario, under the authority of 7 George V., cap. 9, Debentures of above Town payable May 1st, 1918, to May 1st, 1947, interest, 5 per cent. per annum

40,000 00

(9) Town of Matheson.

Guarantee by the Province of Ontario, under the authority of 7 George V., cap. 9, Debentures of above Town payable June 1st, 1923, to June 1st, 1937, interest, 6 per cent. per annum

5,000 00

(10) Township of Tisdale.

Guarantee by the Province of Ontario, under the authority of 7 George V., cap. 9, Debentures of above Township, payable December 31st, 1917, to December 31st, 1931; interest, 6 per cent. per annum.. ..

25,000 00

(11) Township of Tisdale.

Guarantee by the Province of Ontario, under the authority of 7 George V., cap. 9, Debentures of above Township payable December 31st, 1917, to December 31st, 1931; interest, 6 per cent. per annum

10,000 00

(12) Township of Tisdale.

Guarantee by the Province of Ontario, under the authority of Statute Law Amendment Act, 1918, sec. 67. Debentures of above Township payable July 1st, 1918, to July 1st, 1932; interest, 6 per cent. per annum

10,000 00

13) Board of Trustees, R. C. Sep. School, Town of Timmins.

Guarantee by the Province of Ontario, under the authority of 7 George V., cap. 27, Debentures of above Board payable December 1st, 1918, to December 1st, 1937; interest, 5 per cent. per annum

30,000 00

(14) Board of Trustees, R. C. Sep. School, Town of Timmins. Guarantee by the Province of Ontario, under the authority of 8 George V., cap. 20, Debentures of above Board payable January 1st, 1923; interest, 7 per cent. per annum			30,000 00
(15) Town of Matheson. Guarantee by the Province of Ontario, under the authority of 9 George V., cap. 4, Debentures of above Town payable April 1st, 1920, to April 1st, 1949; interest, 6 per cent. per annum			31,500 00
(16) Board of Trustees, R. C. Sep. School, Town of Timmins. Guarantee by the Province of Ontario, under the authority of 9 George V., cap. 4, Debentures of above Board payable November 1st, 1919, to November 1st, 1938; interest, 6 per cent. per annum ..			15,000 00
(17) Township of Tisdale. Guarantee by the Province of Ontario, under the authority of 9 George V., cap. 4, Debentures of above Township payable May 1st, 1920, to May 1st, 1924; interest, 7 per cent. per annum			10,000 00
(18) Town of Matheson. Guarantee by the Province of Ontario, under the authority of 9 George V., cap. 4, Debentures of above Town; interest, 7 per cent. per annum			40,000 00
(19) Township of Tisdale. Guarantee by the Province of Ontario, under the authority of 9 George V., cap. 4, Debentures of above Township payable June 1st, 1923; interest, 6 per cent. per annum			2,988 34
(20) Town of Sudbury. Guarantee by the Province of Ontario, under the authority of the Municipal Housing Act, 1920, sec. 4, Debentures of above Town payable July 1st, 1921, to July 1st, 1940; interest, 6 per cent. per annum			100,000 00

(21) Town of Ford City.

Guarantee by the Province of Ontario, under the authority of the Municipal Housing Act, 1920, sec. 4, Debentures of above Town payable August, 1921, to August, 1940; interest, $6\frac{1}{2}$ per cent. per annum

50,000 00

(22) Hydro-Electric Commission of Ontario.

Guarantee by the Province of Ontario, under the authority of R.S.O., 1914, cap. 39, 7 George V., cap. 20, Order-in-Council, May 26th, 1917. Bonds of the above Commission; interest, 4 per cent. per annum, due date August 1st, 1957

8,000,000 00

(23) Hydro-Electric Power Commission of Ontario.

Guarantee by the Province of Ontario, under the authority of the Hydro-Electric Railway Act, 1914, and amendments. Order-in-Council, January 27th, 1920, and October 16th, 1919. Bonds of the above Commission for the acquisition, construction, equipment and operation of certain electric railway lines in the County of Essex, due April 1st, 1960; interest, $4\frac{1}{2}$ per cent. per annum

2,100,000 00

(24) Hydro-Electric Power Commission of Ontario.

Guarantee by the Province of Ontario, under the authority of the Hydro-Electric Railway Act, 1914, and amendments. Hydro-Electric Railway Act, 9 George V., cap. 45. Order-in-Council, August 8th, 1919. Bonds of the above Commission, *re* electric railway between Port Credit, Hamilton and St. Catharines. Section between Port Credit and St. Catharines; due November 1st, 1969; interest, 5 per cent. per annum

11,360,363 00

 \$31,560,299 57

RECEIPTS AND EXPENDITURE, FISCAL YEAR ENDED OCTOBER 31ST, 1920.

RECEIPTS.

	Ordinary Receipts. \$ c.	Capital Receipts. \$ c.	Cash on hand, Oct. 31st, 1919. \$ c.
Balances as per Public Accounts, 1919:			
Amount at Special De- posit .....\$5,575,000 00			
Amount at Current Deposit 2,103,267 90			
	<u>\$7,678,267 90</u>		
Less Balance of Fed- eral Subsidy for Agriculture, de- posited to Special Account \$ 68,141 58			
	<u>\$7,610,126 32</u>		
Less Balance of Re- ception Hospitals for Insane Fund.... \$7,016 13			
			<u>7,603,110 19</u>
From Dominion of Canada:			
“ Subsidy on population, B.N.A. Act, 1907 .....\$2,013,964 40			
“ Subsidy, 47 Vic., Cap. 4 142,414 48			
“ Special Grant, B.N.A. Act, 1907 240,000 00			
	<u>2,396,378 88</u>		
“ Interest paid by Dominion, see Statement No. 3 \$73,780 88			
“ Interest on In- vestments 258,624 46			
	<u>332,405 34</u>		
“ Lands and Forests Depart- ment (\$2,911,047.13) 2,007,624 72		903,422 41	
“ Mines Department 1,117,499 55			
“ Education 329,166 14			
“ Agriculture 263,623 24			
“ Game and Fisheries 819,765 71			

	Ordinary Receipts.	Capital Receipts.	Cash on hand, Oct. 31st, 1919.
	\$ c.	\$ c.	\$ c.
From Provincial Secretary	2,471,495 89		
“ Department of Public High- ways, Motor Vehicles Branch	1,990,833 38		
“ Insurance	110,778 43		
“ Law Stamps	257,232 45		
“ Succession Duty	3,891,978 80		
“ Succession Duty (Funds de- posited in lieu of Bond for payment of Succession Duty)	122,489 51		
“ Corporations Tax Act, R.S.O., 1914, Cap. 27, with amendments .	2,947,700 70		
“ Fire Marshal's Act	60,852 63		
	<hr/> 3,008,553 33		
“ Casual Revenue	2,966,837 97		
“ Department of Labour and Health	123,549 10		
“ Temiskaming and Northern Ontario Railway	100,000 00		
“ Hydro-Electric Power Com- mission:			
Interest	2,767,263 07		
“ Ontario War Tax Act, 5 Geo. V., Cap. 3	619 11		
“ Drainage Debentures, Muni- cipal		31,986 45	
“ Drainage Debentures, Tile..		60,295 27	
“ Ontario Housing Commission		289,863 33	
“ Dominion of Canada, Loan, 9 Geo. V., Cap. 54 (<i>re</i> Housing Act)		4,250,000 00	
“ Province of Ontario, Loan, R.S.O., 1914, Cap. 39		3,779,200 00	
“ Province of Ontario, Loan, R.S.O., 1914, Cap. 39		2,932,800 00	
“ Province of Ontario, Loan, R.S.O., 1914, Cap. 39		2,725,864 51	
“ Province of Ontario, Loan, R.S.O., 1914, Cap. 39		5,032,500 00	
“ Province of Ontario, Loan, R.S.O., 1914, Cap. 39		2,014,380 00	
“ Province of Ontario, Loan, 7 Geo. V., Cap. 3		6,315,065 41	
“ Province of Ontario, Loan, R.S.O., 1914, Cap. 39		7,858,944 44	
“ Province of Ontario, Loan, 10 Geo. V., Cap. 6		3,102,010 00	

	Ordinary Receipts. \$ c.	Capital Receipts. \$ c.	Cash on hand, Oct. 31st, 1919. \$ c.
From Treasury Bills, "HH," R.S.O., 1914, Cap. 39	2,987,525 00	
" Treasury Bills, "JJ," R.S.O., 1914, Cap. 39	4,975,000 00	
" Treasury Bills, "KK," 10 Geo. V., Cap. 6	5,970,000 00	
" Province of Ontario, Bond, 10 Geo. V., Cap. 99, Sec. 10, Ontario Teachers' and In- spectors' Superannuation Fund	1,964,720 00	
" Municipal Debentures	542 92	
" Municipal Securities, Muni- cipal Sinking Funds, re- ceived for fiscal year ended October 31st, 1919	85,621 62	
" Ontario Teachers' and In- spectors' Superannuation Fund, 7 Geo. V., Cap. 58, receipts on acct. thereof	350,976 69	
" Settlers' Loan Commission (advances repaid)	78,621 00	
" Northern Development, Sales	121,140 08	
" Queen Victoria Niagara Falls Park Sinking Fund	4,500 00	
	<hr/>	<hr/>	<hr/>
	\$25,078,094 62	\$55,834,979 13	\$7,603,110 19

PAYMENTS.

	Ordinary Expenditure. \$ c.	Capital Expenditure. \$ c.	Cash on hand, Oct. 31st, 1920. \$ c.
For Civil Government	1,421,868 17		
" Legislation	333,936 17		
" Administration of Justice	795,993 65		
" Education	4,913,146 55	655,000 00	
" Public Institutions Mainte- nance	3,399,021 82		
" Colonization and Immigration	99,830 80		
" Agriculture	1,246,647 76	27,061 10	
" Hospitals and Charities	743,661 78		
" Repairs and Maintenance ..	402,279 89		
" Colonization Roads, Mainte- nance	180,723 44		
" Colonization Roads, Capital ..	.....	271,085 15	
" Charges, Lands and Forests..	1,104,202 31		
" Charges, Mines Department ..	218,641 45		
" Refunds	136,817 14		
" Game and Fisheries	429,593 07		
" Highways Department	159,728 64	218,415 74	
" Attorney-General's Depart- ment, Miscellaneous	39,742 44		

	Ordinary Expenditure.	Capital Expenditure.	Cash on hand, Oct. 31st, 1920.
	\$ c.	\$ c.	\$ c.
For Provincial Secretary's De- partment, Miscellaneous ..	331,347 69		
" Treasury Department, Miscel- laneous	397,600 83		
" Miscellaneous Services	145,658 63		
" Department of Labour and Health	405,364 63		
" Public Works	311,795 10		
" Hydro-Electric Power Commis- sion, expenditure charged to Province	237,000 00		
PUBLIC BUILDINGS, (\$1,057,784.55)			
" Public Buildings	147,064 53	910,720 02	
STATUTORY EXPENDITURE, (\$43,835,870.38).			
For Statutory Expenditure, Mis- cellaneous	6,129,114 65		
" Soldiers' and Sailors' Land Settlement Act .....	.....	211,415 11	
" Drainage Debentures, Muni- cipal .....	.....	14,655 44	
" Drainage Debentures, Tile ..	.....	129,643 84	
" Northern Development	301,981 23		
Making of Roads \$885,397 60			
Seed grain, set- tlers' loans, etc. 103,935 94			
	.....	989,333 54	
" Improvement to Highways, maintenance	836,757 93		
" Improvement to Highways, construction .....	.....	6,664,989 80	
" Ontario Teachers' and In- spectors' Superannuation Fund, payment to above Fund as of October 31st, 1920, as adjusted	460,588 90	1,650,898 93	
" Ontario Teachers' and Inspec- tors' Superannuation Fund, 7 Geo. V., Cap. 58, pay- ments out of Fund .....	.....	92,236 96	
" Municipal Securities, Sinking Funds, payment of principal .....	.....	47,480 36	
" Sinking Funds, payments on English loans .....	.....	59,624 22	

	Ordinary Expenditure.	Capital Expenditure.	Cash on hand, Oct. 31st, 1920.
	\$ c.	\$ c.	\$ c.
For Ontario Housing Act	4,236,708 92	
“ Retirement of Loan “H”	3,302,334 33	
“ Retirement of Loan “K”	1,029,903 53	
“ Retirement of Inscribed Stock, £1,200,000 Loan	2,241,620 29	
“ Retirement of Inscribed Stock, £1,640,547 Loan	2,727,376 61	
“ Retirement of Inscribed Stock, £817,294 Loan	1,272,882 37	
“ Retirement of Treasury Bills, series “BB”	1,042,465 80	
“ Retirement of Treasury Bills, series “CC”	3,116,260 27	
“ Retirement of Treasury Bills, series “DD”	512,534 20	
“ Retirement of Treasury Bills, series “EE”	3,100,019 50	
“ Retirement of Treasury Bills, series “FF”	3,394,538 46	
“ University of Toronto, certifi- cates paid off	30,000 00	
“ Railway Aid and Annuities certificates, paid off	240,505 19	

SPECIAL WARRANTS (\$6,853,252.94)

For Special Warrants, ordinary ex- penditure	550,734 25	
“ Refund of deposit and in- terest on loan .....	.....	68,089 42
“ Soldiers’ Aid Commission ..	.....	90,000 00
“ Hostel for children of ex- soldiers .....	.....	30,000 00
“ Academic course for returned soldiers .....	.....	114,429 27
“ Hydro-Electric Power Commis- sion .....	.....	6,000,000 00

MISCELLANEOUS.

“ Advanced to Hydro-Electric Power Commission .....	.....	12,076,500 00	
“ Advanced to T. & N. O. Railway Stationery Account, excess of purchase over distribution .....	.....	346,587 35	
“ Amount at Special Deposit, October 31st, 1920 .....	.....	48,631 11	
“ Amount at Cur- rent Account, October 31, 1920 .....	.....	.....	4,400,000 00
.....\$1,262,759 53			

		Ordinary Expenditure.	Capital Expenditure.	Cash on hand, Oct. 31st, 1920.
		\$ c.	\$ c.	\$ c.
For Balance of Fed- eral Subsidy for Agriculture	5,865 85			
" Balance of Recep- tion Hospitals for Insane Fund	2,768 28	.....	.....	1,271,393 66
		<hr/>	<hr/>	<hr/>
		\$25,880,843 45	\$56,963,946 83	\$5,671,393 66

SUMMARY.

Cash on hand, October 31st, 1919	\$7,603,110 19
Ordinary Receipts	25,078,094 62
Capital Receipts	55,834,979 13
	<hr/>
	\$88,516,183 94
Cash on hand, October 31st, 1920	\$5,671,393 66
Ordinary Expenditure	25,880,843 45
Capital Expenditure	56,963,946 83
	<hr/>
	\$88,516,183 94

ESTIMATED RECEIPTS, FISCAL YEAR ENDING
OCTOBER 31st, 1921.

Subsidy	\$2,396,378 88
Interest on Common School Funds held by the Dominion	\$75,000 00
Interest on Investments	275,000 00
	<hr/>
	350,000 00
Lands and Forests Department	2,000,000 00
Mines Department	800,000 00
Public Institutions	1,000,000 00
Education Department	400,000 00
Provincial Secretary's Department	437,500 00
Motor Vehicles Licenses	2,500,000 00
Agriculture	200,000 00
Casual Revenue	500,000 00
Insurance Department	100,000 00
The Amusements Tax Act	1,500,000 00
Succession Duties	4,500,000 00
Corporation Tax Act	3,300,000 00
The Ontario Temperance Act	500,000 00
Law Stamps	250,000 00
Game and Fisheries	750,000 00
Hydro-Electric Power Commission, Interest, etc.....	3,700,000 00
Temiskaming and Northern Ontario Railway from earnings	500,000 00
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Total Estimated Receipts	\$25,683,878 88

ESTIMATED EXPENDITURE, FISCAL YEAR ENDING
OCTOBER 31st. 1921.

Civil Government	\$1,901,590 81
Legislation	333,100 00
Administration of Justice	860,343 00
Education	5,777,018,56
Public Institutions	3,321,112 00
Agriculture	1,353,506 02
Colonization and Immigration	173,500 00
Hospitals and Charities	1,073,400 00
Maintenance and Repairs of Government Buildings	492,312 35
Public Buildings	488,467 91
Public Works	155,900 00
Colonization Roads	107,300 00
Highways Department	154,220 00
Game and Fisheries	482,500 00
Attorney-General's Department, Miscellaneous	165,900 00
Treasury Department, Miscellaneous	430,983 10
Provincial Secretary's Department, Miscellaneous ..	365,250 00
Lands and Forests	1,454,450 00
Department of Mines	202,900 00
Department of Labour	1,251,952 32
Refund Account	234,496 18
Miscellaneous Expenditure	100,000 00
	<hr/>
	\$20,880,202 25

CAPITAL—

Parliament Buildings, for additional accommodation	\$200,000 00
Public Institutions Buildings	597,850 00
Agricultural Buildings	181,000 00
Buildings in Districts	263,000 00
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	\$22,122,052 25

