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Financial Statement

OF

The HON. A. J. MATHESON, *Arthur James* (1892-

TREASURER OF THE PROVINCE OF ONTARIO

Delivered on the 28th February, 1907,

IN THE

LEGISLATIVE ASSEMBLY OF ONTARIO

on moving the House into Committee of Supply

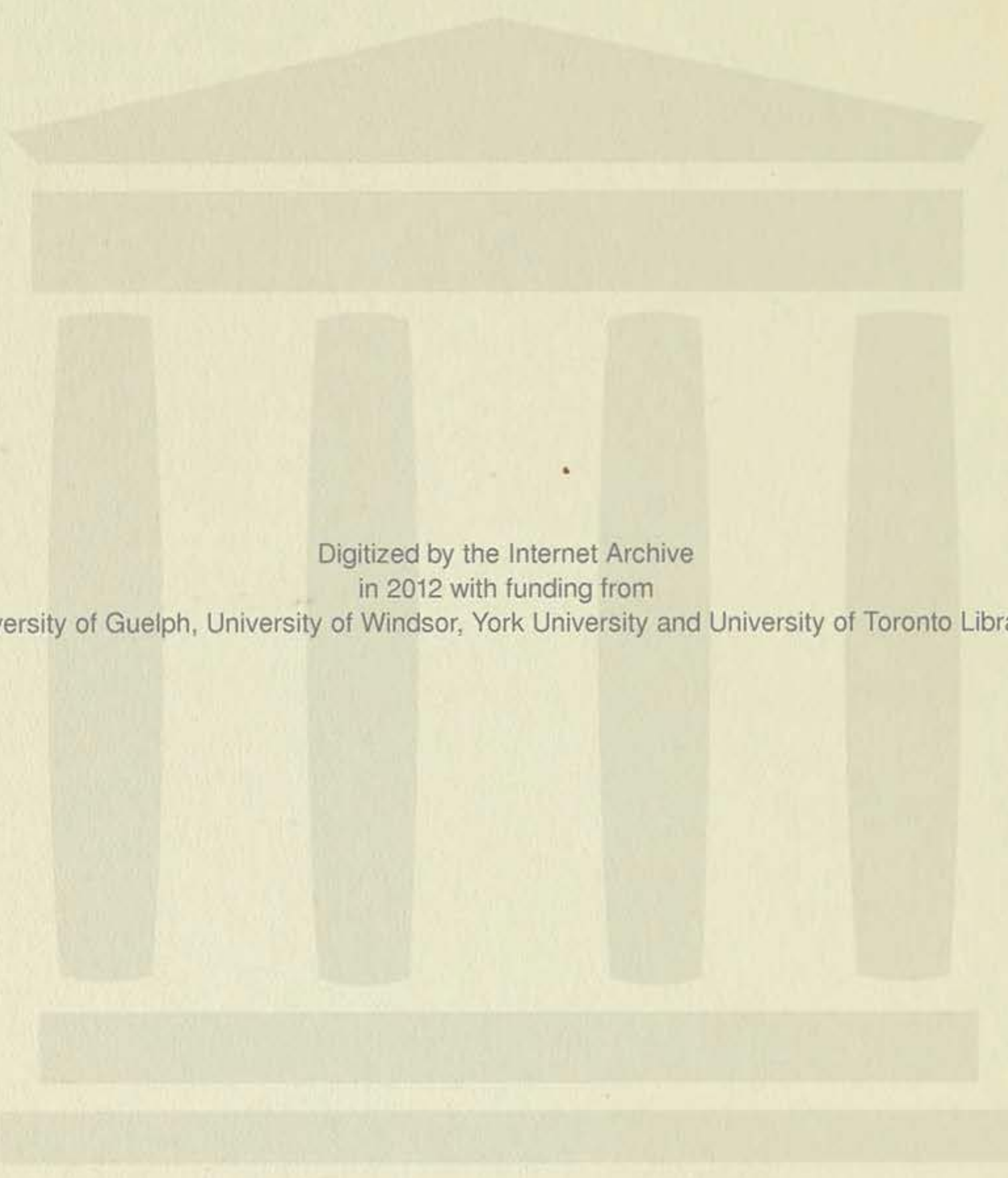
PRINTED BY ORDER OF
THE LEGISLATIVE ASSEMBLY OF ONTARIO



TORONTO:

Printed by L. K. CAMERON, Printer to the King's Most Excellent Majesty.
1907.

Ont. Dept. of Treasury and Economics
Taxation and Fiscal Policy Branch
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Budget Speech

DELIVERED BY

HON. A. J. MATHESON,

PROVINCIAL TREASURER.

Thursday, 28th February, 1907.

MR. SPEAKER : In laying before the House the statement of the finances of the Province for the past and for the coming year, I wish to express my personal regret at the absence of the gentleman who for the past five years previous to our coming into power was the Treasurer of this Province (Hon. G. W. Ross). It is a personal regret to me, especially because in one of the last speeches he delivered in this House he drew attention to the large increase in expenditures. He warned us of our fate. These increases, he said, were going to bring us greatly into debt, and he preached to us that we were becoming extravagant and were not managing the finances properly. I am glad, Sir, that he has been selected by the Government of this Dominion for an honorable place, where he may still be able to give useful service to this Dominion after the strenuous campaigns he has gone through.

Sir, this is the third time on which I have had the honor to address the House from these benches and explain the finances of this Province. On the first of those occasions, it will be remembered, we had not had full control for the preceding year, and I shall not, therefore, dwell upon that, but I do wish to draw the attention of the House and country to the great growth of this Province during the past two years in which period we have had full control of the Government. (Applause.) It has been marked by considerable increases of revenue and expenditures, the latter necessary for the development of the

country, especially in providing for better and more efficient education for our people, and in agriculture, not only in more scientific education for the farmer, but also in more material development in the dairy, stock and grain industries.

In providing for better roads throughout the Province, not only in the older counties, but also in the newer districts.

In a great step forward toward the completion of our Provincial Railway.

In improvements to our public buildings and public works.

In the better and certainly the more efficient administration of justice throughout the Province. (Applause.)

In the development of our great mining resources.

In the care of the sick, the insane and the general health of our people.

In the proper enforcement of the License Laws.

In the assistance we have given in the relief of the local taxation of our people. (Applause.)

When we came into office we found all these services stinted, and even then in order to pay the ordinary running expenses of this Government, it was necessary under the old regime to use the capital assets of the Province to the extent of hundreds of thousands of dollars yearly to pay the ordinary running expenses. We found, Sir, that heavy and unnecessary obligations had been incurred by the Province, nearly six million dollars of treasury bills were falling due within three months after we took office, and generally the resources of the Province were treated as something to be given away for nothing to the grafters and friends of the party in power and not for the benefit of the people of the Province of Ontario. (Applause.)

Sir, simply by treating the resources of the Province as business men, honestly seeking, however great our failings may have been, to carry out the great trust which has been imposed upon us to develop this Province solely in the interest of the people, whose trustees and servants we are, we have changed that. We are able to point to the record of the past two years and may, I think, fairly claim a considerable measure of success. (Applause.) Our finances have been put on a sound basis, the loans necessary for the building of the railway

have been put on a permanent basis, the indirect liabilities for which we were not responsible have been diminished, and the great increase of revenue has enabled us to pay our way, notwithstanding a greatly increased expenditure, and to save out of revenue in the past two years \$1,050,000 which will be available for the completion of our railroad—The Temiskaming and Northern Ontario Railway—without further borrowing, I hope, and towards public works within this Province. (Applause.)

At the same time, I claim that in every single department of this Government the service has in every way been more efficient than under the old regime. (Renewed applause.)

In the past year, 1906, the total revenue other than loans was \$7,149,478, and the total expenditures \$6,720,179, leaving a cash surplus over all expenditures of \$429,299.

This added to the surplus of \$620,000 in 1905 makes a surplus in the two years in which we have had full control of practically \$1,050,000 over all expenditures other than on railway. (Applause.)

During the year two loans, one of £1,200,000 sterling, and one of \$3,000,000, have been floated, the whole proceeds of which, in addition to \$408,000 from the cash on hand, had, up to the 31st day of December last, been expended on the Provincial railway, and we close the year with cash on hand at our credit in the bank of \$3,497,239.62, or practically \$3,500,000. (Applause.)

Our estimates of revenue for the year 1906 were in nearly every case exceeded, except in the interest on investments, which was some \$10,000 less than the estimate, but this could have easily been made up by charging to railway construction the interest on the money advanced, which we have not done. It is a proper charge to the construction of the railway, because the interest required on the cost of construction before the road is in operation is always a proper charge on capital account.

The revenue from Lands, Forests and Mines was \$216,000 in excess of the estimate, half of which came from the first payment on the Cobalt Lake sale, namely \$108,500. Three hundred thousand dollars of that revenue from Lands, Forests and Mines during the past year came from the sale of the

Montreal River Pulp Concession. This \$300,000 represents a better business management acting in the interest of the Province and not in the interest of the grafters, as was the case with the honorable gentlemen who preceded us and who gave this concession away for nothing beyond the dues. (Applause.) When this concession was forfeited by the abandonment by those to whom it was given, we at once offered it for sale by tender, not to our own friends, but to those who were able to carry out its conditions by putting up the pulp mills in this Province required for the making of the pulp. In addition to paying the cash I have mentioned, they pay increased dues. (Applause).

MR. GRAHAM: The mills are not in the pulp territory, are they?

HON. MR. MATHESON: They are near the City of Ottawa, and they are quite as useful to the people of this Province as though they were in the actual pulp territory. (Applause.) The agreement is far more useful to the Province than the old one. It is better that the mills should be where our farmers can supply food and other necessities to the workmen and not have to have these brought in from the United States as might have been the case under the agreement made by the former regime. From licenses, owing to the subsequent change in the law, we have \$90,000 more than was estimated. While this source of revenue has largely increased we gave back to the municipalities \$65,000 more than in 1904. So that the revenue not only increased largely, but notwithstanding the reduction in the number of licenses and notwithstanding that local option was in force in a much larger area of the Province, under the management of this Government there was handed out to the municipalities \$65,000 more than honorable gentlemen gave the last year they were in power. (Applause.)

Law Stamps brought in \$15,000 more than the estimate. The Algoma Taxes \$4,000 more. The Provincial Secretary's Department, owing to the large number of companies' charters, showed an increase of \$73,000. The Educational revenue was a little less, owing to our not receiving the fees of the School of Practical Science for the last half year. The revenue from the

Agricultural Department was about the same. Fisheries gave \$19,000 more than was estimated. The Supplementary Revenues showed \$196,000 more than was estimated. Succession Duties, owing to one large estate being settled, \$315,000 more. Casual Revenue \$60,000 more, and Public Institutions brought in \$60,000 more, apart from the deductions from the municipalities distribution, while the Central Prison Industries realized \$25,000 more than was expected. I might add here that the total expenditure on items in the estimates was \$383,000 less than the amount voted by the House.

Now, Sir, I wish to say a word as to the Supplementary Revenues. We increased the taxation on railways very largely, and I think it is important that a Minister who is Treasurer of this Province should especially be careful in combating if necessary any false ideas of finance which may be urged throughout the Province. It is necessary that everything should be done not only on this side of the House, but equally on the other side of the House to maintain the credit and honor of this Province so that in no way shall capital be frightened from coming into this Province and being invested. In regard to this increase of taxation on the railways I might say that we were urged before we increased it and have been urged since, to follow the example of the State of Michigan and to tax these railways practically off the face of the earth. Now, Sir, I wish to say, and I wish to urge upon the people of this country, and of this Province particularly, that it is not in the interests of this Province that this tax should be excessive. (Applause.)

The example of the State of Michigan is one that is followed in only a few States of the Union, and the effect of that heavy tax has been to practically stop railway building in the State of Michigan, except where in the interest of the railways it was absolutely necessary. In that State the mileage of railways on 30th June, 1904, was 8,660 miles, of which there were built in 1902, 171 miles; in 1903, 156 miles; and then this tax came in the year 1904, when new construction went down to 88.02 miles, in 1905 to 88.06 miles, and in 1906 the length of new single track constructed was only 42.85 miles. In these last

three years only 219 miles were built, of which less than 43 miles were constructed in 1906, in a State which requires, especially in the northern portion, quite as much railway development as Ontario.

Now I wish to compare the effect of our taxes in Ontario with those of Michigan. Although I believe that the railways should pay their fair share of taxation, I think we are pretty nearly right in our rate now, and it does not stop the building of railways. Compared with the eighty-eight miles of railway building in Michigan in 1905, and less than 43 miles single track in 1906, I find in *The Railway and Marine World* for February a memorandum of the steam railway track laid in Ontario during the year 1906, and with your permission I will read it :

SINGLE TRACK :—

CANADIAN NORTHERN ONTARIO R'Y.

Vandorf to Don, Ont.....	27.00	miles
Mileage 74.5 to Washago, Ont.....	13.50	“
Mileage 106.5 to Washago, Ont.....	18.50	“
Portage Lake to Mileage 21, Ont.....	16.00	“
Romford (C.P.R. Crossing) to Mileage 118, north of Parry Sound, Ont.....	10.00	“
	<hr/>	
	85.00 miles.	

CANADIAN PACIFIC R'Y.

Nipissing Jct. to Temagami Co's Mills, Ont.....	3.00	miles
Guelph to Blythe (Guelph & Goderich Railway.).....	63.50	“
Bolton to Bala, Ont.....	93.00	“
Romford to French River,	38.00	“
	<hr/>	
	197.50 miles.	

CENTRAL ONTARIO RAILWAY.

Bancroft to Bird's Creek,

Ont..... 5.00 miles 5.00 miles.

GRAND TRUNK RAILWAY.

From Lindsay, Ont., West-

erly..... 3.51 miles 3.51 “

TEMISKAMING & NORTHERN ONTARIO R'Y.

Boston to McDougall's

Chute..... 45.00 miles 45.00 “

 Total miles of single track.....336.01

SECOND TRACK:—

CANADIAN PACIFIC RAILWAY.

Westport to Neebing, Ont. 4.90 miles

Neebing to Murillo, Ont... 5.80 “

Dexter to Linko, Ont..... 5.60 “

Murillo to Kakabeka, Ont. 4.90 “

Ignace to Gull River, Ont. 7.40 “

 28.6 miles.

GRAND TRUNK RAILWAY.

Lyden to Alford Stations,

Ont..... 3.50 miles 3.50 miles.

MICHIGAN CENTRAL RAILWAY.

Springfield to Hagersville, 46.46 miles

Tilbury to Ridgetown, Ont. 30.48 “

Welland to Bridgeburg.... 17.29 “

 94.23 miles.

 Total double track laid.....125.99 miles.

Miles of new road built.. 336.01 miles.

Miles of double track laid 125.99 “

 Total track laid..... 462.00 miles.

Surely, Sir, it is to the benefit of the people of this Province that they should have the competition of two or three railways going through the Province giving more in the way of freight carrying facilities than any possible addition in the way of railway taxation can bring. Supposing the tax was greatly increased. What would that be to any man who is a shipper compared with having more railways, not only through newer, but through the older parts of the Province. Our people have from time to time given aid to the railways without thought of adding a compensating tax. Is it not better that we should have increased railway facilities rather than impose burdens which, as in the State of Michigan, so greatly reduce the mileage of new lines? (Applause.)

Now, Sir, with regard to the receipts for the year. I have always distinguished between capital account and ordinary account. Capital account generally may be counted as being the bonus received from the sales of timber and on the sales of mines. Any revenue which we count on as an annual revenue to pay the running expenses of the Government may be regarded as ordinary revenue. It is not fair, I submit, that we should count as ordinary revenue anything which we cannot expect for the future, because then, if we should increase our expenditure depending on those special receipts, we would find ourselves with a deficit and depending upon receipts from capital account to meet that expenditure. Of the receipts during the past year the following were on capital account :

Timber Bonuses.....	\$535,970
Cobalt Lake (First Payment).....	108,500
Drainage Debentures.....	16,292
	<hr/>
Total.....	\$660,762

The following expenditures, I claim, can fairly be put against capital receipts as being paid on capital account : Loans on Drainage Debentures, \$39,107. Owing to the difficulties which municipalities have in borrowing money at 4 per cent., we had last year a number of further demands for loans from the Provincial moneys on drainage debentures. One

county alone obtained \$20,000. Railway Subsidy paid in cash instead of issuing certificates, \$10,000. For the new immigration building on Peter Street in this city we paid \$12,000. Sugar Beet Subsidy accounted for \$75,000; Good Roads, \$95,401; The Ontario Agricultural Farm Mechanics Building, \$25,000; School of Practical Science, \$70,080; Woodstock Asylum, \$68,405; Volunteer Veterans' Commutation, \$71,800; Medical Faculty of Queen's College, \$50,000. I estimate our average annual expenditure on Colonization Roads at \$100,000, and all over that I regard as being paid on capital account. Last year we paid \$119,000 over that amount. So that the total capital expenditure was \$635,533, and nearly every dollar of that capital revenue was expended on capital account and yet there was a surplus of over \$400,000 on ordinary revenue. (Applause.)

In both the years 1905 and 1906 this Province has, therefore, paid all its ordinary expenditure from ordinary revenue and has had an excess to the good of over a million dollars on that account, a thing which cannot be said of any of the previous five years under the former administration. (Applause.) In fact, Sir, the former Treasurers from 1900 to 1904 were dependent on the sale of timber limits, which I contend are capital account, for \$200,000, \$400,000 or \$500,000 to pay the ordinary expenses. But a change has come. (Applause.) We freely admit that we have increased our expenditures, but our revenues have met that increase, and that from the ordinary revenues of the Province. (Renewed Applause.)

Now, Sir, our friends of the Opposition will probably charge us with having greatly increased the expenditures for 1906 over those of 1905. Apparently there has been a very large increase, and no doubt there has been an increase nominally to the extent of \$1,324,000, but this is more apparent than real. Some of the items of this increasing expenditure are practically due to new methods of book-keeping. For instance, take the interest on the Temiskaming and Northern Ontario Railway debt. We paid \$158,000 for the interest due during the past year on the English Loan, but that interest, I would like to point out, came from the earnings of the railway. (Applause.)

Among the other increased expenditures are the following:

Increase for Good Roads to the counties...	\$49,000
Distribution of Railway Tax, paid from increased taxation	81,000
Central Prison Industries (counterbalanced by receipts)	59,000
P. I. Maintenance (counterbalanced by increased receipts)	50,000
Commutation of Veterans' Land Grants...	72,000
Clearing Right of Way (counterbalanced by receipts)	56,000
Mining Gillies Limit.....	18,000
University Certificates.....	30,000
Cash Railway Subsidy.....	10,000
This accounts for an increase of.....	<u>\$583,000</u>

Further increases were : Civil Government

(Largely caused by the growth of the Mines Department and the demand for maps and plans, and in the Provincial Secretary's Department by inquiries in connection with distribution of railway tax and better collection of revenue from relatives and friends of patients).....

\$53,000

Legislation

4,000

Administration of Justice

44,000

of which \$13,000 was distributed in the counties and a large amount in the districts and Northern Ontario generally. The Revision of the Statutes also caused an increase.

Education was increased.....

\$190,000

of which \$60,000 went to special grants for Rural Schools ; \$12,000 to Poor Schools ; \$10,000 to Continuation Classes ; \$9,000 to the Inspection of Schools ; \$12,500 for Sub-Target Guns ; \$19,000 to School of Practical Science ; and \$50,000 to Medical Faculty Queen's College.

Agriculture.....	\$26,000
Largely in connection with the improvement of Live Stock, Dairies and Agricultural College.	
Hospitals and Charities.....	66,000
Public Buildings.....	134,000
School of Practical Science, \$70,000; Asylum at Woodstock, \$68,000.	
Public Works.....	16,000
Colonization Roads.....	41,000
Charges on Crown Lands (other than Gillies Limit and Right of Way) Surveys, Forest Ranging, etc.....	81,000
University of Toronto (Succession Duty)...	86,000
<hr/>	
A total of.....	\$1,324,000

Some of the items were decreased and others increased, and I have gone over those which account for the whole of the increases.

In dealing with this subject I would like to draw attention specifically to the effective business management of this Government, which I believe runs through every department of it, but I intend to select particularly the department under the management of my honorable friend the Provincial Secretary. I do it, Sir, because his department has been the subject of attack in this House during this session, and because it has been attacked by grafters who have been cut off from the source of revenue which they enjoyed under the former Government. (Applause.)

With reference to the cost of maintenance of the Public Institutions, including the Central Prison and its industries under the charge of the Provincial Secretary, the total payments in 1904 were \$856,645, and the receipts \$108,842, leaving a net cost to the Province of \$747,803. The number of patients in these Institutions increased in 1906 over 1904 by 383, or an additional number of $6\frac{3}{4}$ per cent., and on the same basis the cost for 1906 would have been \$798,268. In 1906 there was a large increase in the cost of living, and the payments included all the expenses of the Central Prison's Industries, not included

in 1904, and a new institution at Woodstock had been established and was in operation. Yet notwithstanding all these, the net cost to the Province of these Institutions in 1906 was only \$705,787—\$42,000 less than the actual cost in 1904, and \$92,000 less than the proportionate cost caused by the increased number of patients. This is not taking into account over \$80,000 contributed from Railway Taxation by the municipalities for non-paying patients. So that the business management of the honorable the Provincial Secretary has saved to the revenues of this province at least \$170,000 in the cost of carrying on these Institutions compared with the cost if they had been maintained and the revenues collected in the same manner as in 1904. (Applause.)

I would draw the attention of the honorable member for Brockville to this. He was in charge of those institutions for two months at the end of 1904 and the beginning of 1905. There was no change then, the same old system of purchases and collections was adopted, and surely my hon. friend can now understand that it was time for a change.

Now, Sir, during the past year we had some very important financial transactions to deal with. The guarantee of this Province had been given to the extent of \$2,000,000 on the industries at Sault Ste. Marie. As is well known, during the last session of the House, on May 1st, that guarantee was reduced to one million dollars and a renewal given for six months to the 1st of November. Last October the Canadian Improvement Company, having charge of this, came to us saying that money was tight all over the world, that they had been negotiating with a view to relieving us of this million dollar guarantee, but that their negotiations had failed. They asked for a renewal and we agreed that it should be renewed for five months to the 1st of April. At present negotiations are being conducted, and they hope to relieve us of that guarantee on April 1st.

Then, Sir, we had a loan of £1,200,000 sterling borrowed in England to meet the Treasury Bills for the Temiskaming and Northern Ontario Railway. I think, Sir, it is only proper that I should deal with this matter to some extent, although it was spoken of during the last session of the House. As I have said,

when we came into power, we found Treasury Bills to the extent of £1,200,000 falling due on May 15th, 1905. We tried to negotiate a loan at the time to meet this, but it was difficult, owing to the state of the money market to get a permanent loan. One of our difficulties was that the firm of Coates, Son & Co. claimed that they had an agreement with the Province of Ontario, and they laid emphasis on the following words of the agreement: "The sale of bonds during the currency of the bills or later to be entrusted to Coates, Son and Company." Now, Sir, this was an extraordinary agreement. It was found in a report by my hon. friend from Monck (Mr. Harcourt), addressed, not to the Treasurer of the Province, but to the Assistant Treasurer, and it bore the date of the year, but not the name of the place at which it was made. Sir, that agreement was dated October 10th, 1904, and it was made in the City of New York, not in the City of Toronto where the Ministers might be gathered together. (Applause.) The report which was first brought to my notice after I came to the Treasury Department was dated the 28th January, 1905, three days after the defeat of the late Government at the General Elections. The effect of the agreement mentioned in the report was somewhat troublesome when we came to attempt to float a permanent loan. I had the advice of bankers and financial men in this city, and they had held that it was an extraordinary agreement, but they advised that the only thing it could mean was that Messrs. Coates, Son & Company should, when we asked for tenders, be given an opportunity to tender for the loan. Otherwise construed, it meant that we would go to Coates and Company and ask them to float a loan. Suppose they said they would do it at 96. Then we would go to another firm and ask what they would give, and they might say 98. But, if that agreement meant what Coates, Son & Company claim it means, we would be bound to refuse the better offer and take whatever Coates Son & Co. said was the proper quotation on the London market or elsewhere. The contention of the bankers was, as I have said, that this agreement was not binding upon us. They said it was an extraordinary agreement, but that it could have no other interpretation than that we were obliged to give an opportunity to Coates, Son & Co. to tender

for the loan. Well, we gave them an opportunity in April, 1905. We had at that time asked for tenders, not by public competition, but from a number of financiers who came to us. You cannot have public competition on a \$6,000,000 loan. Among the offers we had were: one for 95.27, another for 95.25, and a third for 95, besides others. Having this agreement, which I have mentioned, in view, the following cable was sent to Coates, Son & Company, dated April 6th, 1905:

“Cable highest offer for Ontario Government inscribed stock or bonds $3\frac{1}{2}$ per cent, also lowest rate renewal,” (Signed.)
“Matheson, Provincial Treasurer.”

And this was their answer received on April 10th of the same year:

Matheson
Provincial Treasurer
Toronto

“Unless international complications intervene we would agree to renew treasury bills, six months, $3\frac{1}{2}$ per cent., Government delivering bills London stamped and taking delivery money here. We could probably net Government from 93 to $93\frac{1}{2}$ for inscribed stock, Government delivering stamped securities London and accepting payment here. If Government concurs and gives us two or three days' notice, will negotiate that basis. In view, however, failure Grand Trunk Pacific three per cent. bonds guaranteed Dominion Government issued Rothschild and failure Canadian Northern three per cent. Government guaranteed stock issued Canadian Bank of Commerce, our suggestion would be to postpone issue for a few months when better price stock could possibly be obtained.”

(Signed) COATES.

The above offer, Mr. Speaker, would have netted us less than 93 after paying $\frac{5}{8}$ of one per cent. stamp duties, which would make a loss of \$150,000, when at the same time we had offers here at $95\frac{1}{4}$, so we renewed for six months. In October, 1905, I went to England where I was met with the same claim by Messrs. Coates, Son & Company. I asked them the best they could do, and they said 96. We did not accept that, because at the time we had an offer of a flotation at 98. We did not accept either at that time owing to the condition of the money

market, but renewed the loan with the Bank of Montreal at four per cent., which was the Bank of England rate at that time. In the Spring, Mr. Speaker, that loan was floated with the Bank of Montreal for $98\frac{1}{2}$ (applause); they getting $1\frac{7}{8}$ per cent. for expenses, and they paid us $96\frac{5}{8}$ in cash, and we paid the Government stamp tax of $\frac{5}{8}$ of one per cent., so the Province netted 96. (Applause.)

Honorable gentlemen opposite undertook to condemn the Government for that loan. I wish to say that it was a loan of which the Government and I, myself, are proud. (Applause.) At the same time there was a flotation of New South Wales securities, which are trustee securities, and which netted only $98\frac{1}{2}$. Then Boston undertook to float a loan of \$4,000,000 and they paid 3.90, which is far more than we paid. New York undertook to borrow and they paid far more, and I have since ascertained that in 1904 Nova Scotia floated a loan of £600,000 at 94, the commission on which was $2\frac{1}{2}$ per cent., netting them only $91\frac{1}{2}$ as against our 96. Then we get Newfoundland in 1905 floating a loan at 96 on which there would be $2\frac{1}{2}$ per cent. commission and expenses netting them $93\frac{1}{2}$ for a Trustee security, as against our 96, so that in every way our loan is one of which I think we may be proud. (Renewed applause.)

In the agreement for the loan we had to provide one-half of one per cent. yearly for sinking fund, and on both occasions when we bought that sinking fund in London we got it at $95\frac{1}{2}$, so that the underwriters actually sold it at about one per cent. less than we received. Since then our stock has gone up on the London market and is selling now at $96\frac{1}{2}$ according to the latest quotation to hand. (Applause.)

Now, I have told you how that loan compares with other loans, and I wish now to add some suggestions as to how it compares with the financial management of the honorable gentlemen who preceded us. In 1904, on account of these Treasury Bills falling due, the honorable member for Monck (Mr. Harcourt) was sent to England, as the agent of the Treasurer of this Province, to float a loan. He did not succeed, but while there he sent some cables. On August 31st there was the cable of Mr. Harcourt to Mr. Anderson:

“What does Harty offer for bonds. Cable me immediately.”

Then we have this answer on August 30th, from Mr. Ross to Mr. Harcourt:

"Harcourt,
care Plutus, London

"Harty offers 93 $\frac{1}{3}$, plus commission of \$25,000.
"Will cable you again to-morrow."

(Signed) "Ross."

Now, Sir, what did plus \$25,000 commission mean?

THE PREMIER—Echo!

HON. MR. MATHESON: It meant that the province would not have realized 93 $\frac{1}{3}$. It meant something for the boys. (Applause.) The most charitable conclusion is that we can come to is that it was for election funds. (Renewed applause.) These men were willing to use their position to consider making \$25,000 out of floating a loan for this province; (Renewed applause.)

The next day, August 31st, we have

Mr. Harcourt to Mr. Anderson, Assistant

this answer:

Assistant Treasurer.

"Existing conditions future outlook.
"street justify accepting offer. Expenses,
"brokerage considered offer as good as 9
"loan feasible but precarious. Sale here
"me immediately decision."

Lombard street Wall
here serious, stamps,
7 here. Temporary
impossible. Cable

Now, Sir, he (Mr. Harcourt) could not have been responsible for this \$25,000. It was the Premier and the Province who undertook to cable this offer. Consider it for a moment. He was the man responsible for this \$25,000 commission, and he communicated it to one of his colleagues.

Then we have also on August 31st this telegram from Mr. Harty to Mr. Ross:

Hon. G. W. Ross,
Parliament Buildings,
Toronto.

Kingston, Aug.

31st.

"Hope to submit offer within day or two for T
"ming bonds. Negotiations with New York proceed
(Sgd.) "Wm. Har

emiskating."
y."

And on the same day this :

Mr. Ross to Mr. Harcourt :

“ Harty want three days longer before making final offer
“ for bonds.” (Sgd.) “ Ross ”

That, Sir, is a sample of the way our predecessors in office carried on negotiations.

MR. GRAHAM : Was that carried out ?

HON. MR. MATHESON : It was recommended to be accepted.

MR. GRAHAM : But it was not carried out ?

HON. MR. MATHESON : It was no fault of our predecessors that it was not. They were willing. The former Premier (Mr. Ross) submitted it to his colleague ; that colleague advised acceptance, and the only reason why it was not carried out was that Mr. Harty could not make firm final offer. (Applause.)

Here is another transaction that I would like to draw your attention to. In 1903 the Temiskaming and Northern Ontario Railway Commissioners, who were paying five per cent. for money, from the banks, decided with the approval of the Government to issue a guaranteed loan of \$1,000,000. I might say, incidentally, that during the term of office of the previous Government not a dollar of money borrowed on account of the Temiskaming and Northern Ontario Railway cost less than five per cent. During our term, Sir, not a dollar has been spent by this Government on that railway which has averaged over four per cent. and for a time some of it less than that. (Applause.) These Commissioners undertook, as I have said, to float a loan for \$1,000,000 guaranteed by the Government. They received tenders at 91.31 for these $3\frac{1}{2}$ per cent. thirty year bonds, and the offers were equal to a rate which would net to the purchaser four per cent., and the Premier of this Province consented to that loan on the terms mentioned.

In a letter, dated September 30, 1903, from the then chairman of the Commission, (Mr A. E. Ames) to the Secretary, Mr. P. E. Ryan, he says :

“ The Honourable the Premier has finally advised me that the Government have decided to approve issue of one million dollars of the Temiskaming and Northern Ontario Railway Commission bonds.”

MR. GRAHAM: "Would it not be an absurd construction to say that that class of bonds was as marketable as higher priced ones?"

HON. MR. MATHESON: It would make no difference to purchasers in England. There would be no particular difference between a guaranteed bond and a straight issue. Of this million dollar loan the Ontario Bank took \$95,000, for which they were to pay \$86,744.50; the Bank of Commerce \$500,000, for which they were to pay \$456,550; the Bank of Ottawa \$255,000, for which they were to pay \$232,840.50; the Metropolitan Bank \$100,000, for which they were to pay \$91,310.00; The Home Life Association \$50,000, for which they were to pay \$45,655. There was one tender in connection with this proposed loan for \$4,500 at par, all the previous rates being at 91.31.

I learned by accident that there had been a sale below 93 or 94. I might say I heard it one day while travelling on a railway train. I hunted through the Treasury Department, but could not find those papers, which were eventually found in the Temiskaming and Northern Ontario Railway office. These showed that one tender for \$4,500 at par had been refused, and then, on the very next day, offers of 91.31 had been accepted, and then these honorable gentlemen had the face, having sold a million dollars of bonds at 91.31, to come here last session and condemn us for having obtained 96.

MR. GRAHAM: Is my honorable friend not mistaken in saying that they were the same class of bonds?

HON. MR. MATHESON: I would ask my hon. friend if there was a sufficient difference between a guaranteed bond and a direct bond issue to allow of a difference of $4\frac{2}{3}$ per cent. in the rate? (Applause.) The colleagues of the then Treasurer saw in time what a disastrous thing it would be for the party to let this transaction go through, and the result was that those tenderers, although their offers had been accepted, were asked to forego them and give up the tenders. One gentleman who had taken part in the negotiations on behalf of one of the banks told me he was asked to give up his share and decided to do so, as he did not care very much about

it, and yet honorable gentlemen opposite have undertaken to condemn us for selling bonds at $96\frac{5}{8}$, and they have gone through the form of pretending and attempting to give the people of this Province the impression that the Province of Ontario had no debt. That was the sole reason why they attempted the issue of those bonds guaranteed by the Government, when they could at any moment have issued a direct loan. At Chicago world's fair they had placards out saying that Ontario had no debt, when they were borrowing money from the banks for this road.

Coming now to the estimated receipts for the year, I may say that the subsidies will be the same. The interest on the Trust Funds held by the Dominion, less interest on debts due by Ontario to the Dominion, will be \$80,000 and the interest on investments \$90,000, a total of \$170,000. From the Crown Lands Department we have the largest estimate ever made by a Provincial Treasurer, namely, \$3,437,000 (applause), of which about \$1,300,000, from royalties and sale of Cobalt Lake and other mining areas, is now in the Treasury. (Renewed applause.)

THE PREMIER : Wait until you see us next year. (Applause and laughter.)

HON. MR. MATHESON : "With regard to the revenue from this Department, I would like to quote something to show how difficult it is to fix any amount as to what it is most likely to be.

In his budget speech in December, 1869, Hon. E. B. Wood said : "There is now a very small quantity of Crown Lands unsold from which a revenue might be expected. The greater part of the Crown Lands which would yield a revenue are now nearly disposed of, and although some revenue may be derived from those remaining unsold, yet, as a rule, if sufficient is derived from them to pay the preliminary expenses, as surveys, etc., it is all that can be expected. Therefore, I do not count upon anything being realized, as permanent revenue, from Crown Lands, except from those that have been already sold."

That was by a Provincial Treasurer in his budget speech forty years ago, and forty years afterward I am able to make an

estimate of over \$3,000,000 from this source of revenue. (Applause.) It makes one hesitate in speaking of this great north country, in speaking of the land beyond the Albany in the District of Keewatin, which this Province claims. We cannot tell but what in the future it may be one of the fairest and richest parts of this Province of Ontario. (Renewed applause.)

About the same time Mr. Edward Blake, in conversation with a gentleman still a member of the Crown Lands staff, said that he (Mr. Blake) strongly wished to see the Crown Lands Department using every effort to collect the arrears due in respect of sales, with a view to the speedy closing of that Department.

Both of these exceptionally able and well informed statesmen were convinced of the necessity for conserving our forests, but neither of them foresaw that for a generation to come the constant increase in the value of what was left, would more than offset the value of what was sold. It is easy enough now to see that, with judicious management, the Province can be made partner in a practically permanent lumbering and mining industry—an industry the prosecution of which will tend to populate all of our northern land which is fit for agricultural settlement. It was not so easy to foresee this 37 years ago. In the meantime the closing of the Crown Lands Department for want of something to do does not appear to be particularly imminent. (Laughter and applause.)

MR. CLARKE (Northumberland) That was a long time ago.

HON. MR. MATHESON: Yes, but the statement was made to a gentleman still living on the Crown Lands staff by a gentleman still living and shows the danger of trying to forecast.

Then, Sir, from Public Institutions we estimate receipts of \$135,000. From the Central Prison Industries, \$60,000. From the Education Department, \$45,000. Provincial Secretary's Department, \$175,000. Agriculture, \$74,000. Casual Revenue, \$140,000. Succession Duties, \$700,000. These latter, as honorable gentlemen are aware, are very difficult to estimate. They are based amounts payable on a number of estates due in the past year, and counting a little on those which may fall due. The tax is not payable until eighteen months after the death of people leaving estates, but in many

cases they are willing to pay before the expiry of that time. Then we estimate the Supplementary Revenue Tax will bring in \$640,000 ; Tavern and Brewers' Licenses, \$550,000 ; Law Stamps, \$80,000 ; Algoma Taxes, \$2,000 ; and Fisheries, \$65,000.

I have not estimated anything for the Mining Tax, because there is no data on which to make such an estimate, and I have not made an estimate of the expenditure on bonuses for the encouragement and refining and smelting and otherwise aiding the mining industry.

Now as to our expenditure. Our increases are as follows :

CIVIL GOVERNMENT: \$102,000 ; this includes Railway and Municipal Board, \$30,000 ; Education Department, \$5,000 ; Lands and Mines, \$26,000, due to the demand for maps, plans, etc., and increased work ; Provincial Secretary's Department, \$29,000 ; of which \$5,500 is transfers and Inspection of Insane.

LEGISLATION: \$9,650 ; including printing, which amounts to \$5,000.

ADMINISTRATION OF JUSTICE : \$47,000 ; this is caused by increase in general administration of justice, and in the districts ; the increases at Osgoode Hall, and allowance to Judges now paid by stamps.

FOR EDUCATION : there is a nominal increase of, \$14,800 ; but to this we have to add the University grant, which this year will be \$350,000 ; the Rural Schools grant has been increased from \$180,000 to \$380,000 ; that to Poor and Assisted Schools from \$77,000 to \$110,000. For Continuation Classes the increase is \$8,000 ; for High Schools \$13,000.

The University grant is larger on account of the Succession Duties being larger. Looking at it from a general point of view, I think we have not made on the whole a bad bargain in regard to this great educational institution. We used to be paying the deficit of the University year after year. I think that one result of the new plan will be that now that the management of that institution are thrown on their own resources they will know

exactly what they will get from us and will keep within those resources. This grant now includes the large and growing expenditure formerly voted for the School of Science.

FOR PUBLIC INSTITUTIONS MAINTENANCE : The increase is really about \$30,000.

FOR AGRICULTURE : There is an increase of \$25,000 of which \$12,000 is for the Ontario Agricultural College, \$5,000 for Agricultural Societies and \$8,000 for Fruit Farm at Niagara.

FOR COLONIZATION AND IMMIGRATION : The increase is \$7,500.

FOR HOSPITALS AND CHARITIES : \$37,000.

FOR PUBLIC BUILDINGS : There is a decrease of \$17,000 although \$100,000 extra is being voted for the new Normal Schools.

FOR PUBLIC WORKS : There is a decrease of \$10,000 in repairs, items caused by the handing over of a number of locks, dams, etc., to the Dominion. On Capital Account there is an increase of \$54,000, mainly for new bridges in Northern Ontario.

FOR COLONIZATION ROADS : A very necessary work, the increase is \$63,000.

THE CHARGES ON CROWN LANDS : Crown Lands are increased by \$33,575 ; some of the new items being Forest and Fire Ranging \$10,000 ; Grand Trunk Pacific Land Survey \$24,000 ; Gillies Limit Exploration, etc., \$35,000 ; and a Sampling Plant at or near Cobalt \$25,000.

Mr Speaker, I may say in respect to my previous statement as to making ordinary revenue meet ordinary expenses, that we do not hope out of ordinary revenue to pay the increased grants to education. Under the agreement and the promise from the Prime Minister of the Dominion, this Province will get an increased subsidy of \$780,000 per year on the basis of 80 cents per head of the population at the last census, and not on the census of 1861, and an increase of \$160,000 in the fixed subsidy, the first payment of which is promised to us in the first half year after the British North America Act has been amended. The demand for better teachers is so

urgent that we cannot wait for the increased subsidy, and as we have money on hand we have decided to advance it this year to meet the increases in the salaries. So that when we say that we have an increased subsidy of \$780,000, we must bear in mind that \$300,000 is already prospectively drawn upon for the increased grants to education. At one time the unit for school taxation was the school section, this did not work out very fairly. In fact, there were cases in which a rich man in a rich section was paying a rate of only five mills, while just across the line from him a poor man in a poor section would be paying 10 mills. That was remedied when the former Government changed the legislation so that \$150 for each section was levied over the whole township. Under the legislation of last session that amount was raised to \$300 for salaries, so that the same rate on the dollar would be levied over the whole of the sections of the township. It is not right that because a man lives in a rich section he should get off cheaper than his neighbor across the line in a poorer section. There is no change of course in the minimum salary. Every teacher must get not less than \$300, and over that 40 per cent of the increase given to the teacher will be paid out of the public funds on salaries up to \$600. If over \$600 is paid there will be no increase in the Government proportion. It has sometimes been said, Sir, that this question of the salaries of teachers should be a matter of competition ruled by supply and demand. I hope, Mr. Speaker, that the day will never come when the education of our youth will depend on any question of supply and demand. (Applause.) I hope that it will never be said that if two teachers offer themselves at a certain school the poorer one is to be engaged because he or she will take a less salary by \$25 or so. Supply and demand does not come into this question, and no man having the interest of this Province and of this country at heart and desiring to see the population well educated would for one moment talk of supply and demand in respect to it. (Applause.) We know, Sir, that the supply is not now equal to the demand. At this very moment there are over 600 persons teaching on permits and that is a condition we should try to remedy by securing permanency in the profession. As matters now are,

or rather as they were, the richer section would pay a little more and leave the poorer section in the cold so far as teachers were concerned.

I think Sir, that I ought to give some details at this point as to the working of the Temiskaming and Northern Ontario Railway. I may say that I think this Province, this Government, and this Legislature owe a great debt of gratitude to that Temiskaming and Northern Ontario Railway Commission and especially to its Chairman, Mr. Englehart. (Applause.) He has saved for this Province many hundreds of thousands of dollars in the construction of that railway and its operation. He has made the road pay its way. He has sought traffic for it and brought business to it, and he has given his best efforts at much loss of time and financially to forward the interests of the road. (Applause.) The total cost of the completion of the road is estimated roughly at \$12,000,000.

I have before me a statement of the earnings, expenditure and results of operations of the T. and N. O. Railway for the year ending December 31, 1906, and some other statistics relating to it. They are as follows :—

Passenger Earnings.....	\$254,759 33	
Mails and Express	17,596 35	
Freight Earnings.....	230,552 63	
Miscellaneous Receipts	20,596 01	
Telegraph and Telephone	20,514 53	
	<hr/>	
Total Receipts		\$ 544,018 85

Disbursements :—

Maintenance of Way	\$ 77,054 10	
Maintenance of Equipment...	46,324 42	
Conducting Transportation ..	215,256 08	
General Expenses.....	23,194 61	
Taxes	393 37	
	<hr/>	
Total Expenditure		\$362,222 58

Net result of operation being a balance of \$181,797 27
(Applause.)

The Passengers carried (not one of whom was killed or maimed) numbered	359,861
The passengers carried one mile	10,365,311
Tons of freight carried	273,749
Tons of freight carried one mile	15,233,761
Silver Ore—tons	5,660
Iron Pyrites—tons	365
Pulpwood—cords	1,320
Logs—feet Board Measurement	23,571,500

I have also a statement shewing the cost of Divisions 1 and 2 up to the end of 1906. Also, the estimated cost of Division 3, Kerr Lake and Charlton branches, and the estimated amount to complete road which I would also, with your permission, like to read.

Cost of Div. 1, North Bay to New Liskeard	\$5,120,904 68
Uncompleted contracts, office building, North Bay, Store House, etc	100,000 00
	<hr/> \$5,220,904 68

Cost of Div. 2, New Liskeard to Abitibi	\$3,553,389 95
7 miles uncompleted	245,000 00
Uncompleted Contracts	30,000 00
Tanks, Section-Houses	42,651 00
Percentage retained on 2nd Contract	264,504 13
	<hr/> \$4,135,545 08

Cost of Division 3.

Grading, etc. on engineer's estimated quantities	\$ 447,715 50
6,300 tons Rails at \$35.00 ..	225,225 00
40 tons Track Bolts at \$74.00	2,960 00
343 tons Angle Bars at \$44.00	15,092 00
165 tons Spikes at \$58.40 ..	9,636 00
64,000 Nut Locks at \$10.00 per M	640 00

Stations, Section Houses, Terminals, Rolling Stock, possibly additional mileage	548,731 50	
	<hr/>	\$1,250,000 00
Cost of Charlton Branch (estimated).....		200,000 00
Cost of Kerr Lake “ (estimated).....		125,000 00
Cost of Rolling Stock.....	\$706,684.82	
Rolling Stock contracted for.	410,000.00	
	<hr/>	1,116,684 82

A grand total of.....\$12,048,134 58

The foregoing I may add includes 33 miles of sidings.

The following contracts awarded for buildings, 2nd division :

One Three Tenement Dwelling House	\$7,441 00
Three 40,000 Gallon Tanks at ...	\$2,492.00.. 7,476 00
Foundations, etc., at.....	500.00.. 1,500 00
Nineteen Standard Section Houses at	1,718.00..22,334 00
Foundations, etc., at.....	300.00.. 3,900 00
	<hr/>
	\$42,651 00

The mileage of the railway is as follows :—

North Bay to Englehart, operated.....	139
Business and other sidings.....	33

Under Construction and Contracted for :

Englehart to McDougall's Chute, 74 miles	
McDougall Chute to Jct. of G. T. P., 40 miles	
Branch, Englehart to Charlton.....	8 miles
Branch, Cobalt to Kerr Lake.....	4 miles
	<hr/>
	126

A total of.....298

In respect to the Loan, the following figures may be of interest here :—

Original Loan.....	\$ 5,840,004 00
Advanced by Province, 1905	1,536,164 27
Advanced by Province, 1906	1,872,286 53
	<hr/>
Total.....	\$ 9,248,454 80

Estimate to complete road :—

1st Division.	\$	100,000.00	
2nd Division.		583,000.00	
3rd Division.		1,250,000.00	
Branch Lines.		325,000.00	
Rolling Stock.		530,000.00	\$2,788,000 00

A Total of. \$12,036,454.80

If we get a subsidy from the Dominion Government for this railway we will have considerable money on hand after finishing it, but even if we do not we have sufficient money to complete the road without further borrowing. If we get a subsidy we will have that much more money to expend on other necessary works in this Province.

Owing to the bulk of our revenue coming in during the last half of the year, while the heaviest expenditures are in the first half, it should be necessary, as long as the financial year ends on 31st December, to carry over a balance of Cash on Hand of from one million to one million and a half of dollars. Last year we carried over \$1,900,000, of which \$800,000 was paid out for railway expenditure to the end of June. This left \$1,100,000 for current expenditures, yet if certain payments had not been held over until the subsidy came in on 1st July, we would have had to borrow from the Banks to meet them. The whole of the Cash on Hand at the end of July was represented by the receipts of July. Should the financial year be changed to 30th September, it would not be necessary to carry over so large a balance, as after that date we receive a large portion of the Crown Lands Revenue, the whole of the Supplementary Revenue and half of the License Revenue, besides other large payments. One advantage of changing the financial year would be to enable the printing of the Public Accounts to be ready for an early meeting of the Legislature in December or January.

Now as to the liabilities of the Province. Honourable gentlemen will notice by the statement presented to them that the direct liabilities total \$15,041,986 and the indirect to \$6,960,000. They will also notice how we are secured against these.

Now, I would like to refer for a few moments to the new loan of \$3,000,000 floated by the Province last year. In July when that issue was made only two out of the three millions were taken, which shows that if we had attempted to float in this country a loan of \$6,000,000 to take up the Treasury Bills we would have been left in the lurch.

MR. CLARKE : (Northumberland.) You could have borrowed it, I suppose ?

HON. MR. MATHESON : Not very well. The result of that loan showed that \$3,000,000 was about the limit of what Ontario could take. I estimate that it stands at about the same rate as the English loan taking into account the freedom from Succession Duties averaging about four per cent. I would like to say this that the only expenses in connection with that loan were about \$5,000 paid for advertising, \$2,600 paid to engravers for the bonds, and there was no "plus \$25,000 commission." (Laughter and Applause.) We simply inserted an advertisement in a number of the papers asking the people to subscribe, and they came in. The loan was floated direct by the Treasury Department, with a result, I think, of which this Government has reason to be proud. The July issue of \$2,000,000 was given at par, but on the balance sold in November we obtained accrued interest of over \$12,000.

In respect to the liabilities which I mentioned a few moments ago, I may emphasize the point that the Algoma or the Sault industries guarantee has been reduced by \$1,000,000. We have also as a legacy from the old Government a guarantee of the bonds of the Canadian Northern Ontario Railway, formerly the James Bay Railway. The stock is sold in England and the money is paid into the Banks here to the credit of the Provincial Treasurer, and as the road is completed we give directions to the Bank to pay it over to the Company. I understand that nearly the whole of the stock has been sold. We are taking care in regard to the payments that sufficient is left in the Banks to complete the road.

As to Indian Treaty No. 3, that case and the case of the Interest on the Trust Funds are still before the courts.

Now, sir, in closing there is one subject on which I would like to say a few words. It is not so much in connection with the finances of the Province as it is of a domestic nature, and it has reference to municipal indebtedness. In cities in Ontario other than Toronto the indebtedness increased, from 1903 to 1906, by \$7,000,000. In towns and villages it increased from \$16,150,000 to \$21,792,000, an increase of \$5,600,000 or one-third in three years, and the rate of interest was higher during that period. This indebtedness was incurred largely for lighting, waterworks, pavements, roadways and other projects. Now I believe in municipalities to a reasonable extent owning public utilities, but as we have seen of the case of the London County Council it is possible to go beyond all bounds. I know towns and cities in this Province which are doing that. They are paving back streets, tearing up good sidewalks, and spending money wastefully. It is all very well where you get a commission in charge composed of men big enough to do the work properly, but in many cases the result is that the municipalities are conducting these things with a loss of money in their operations. I think it is my duty to call attention to these things, not for the purpose of putting a stop to the spread of municipal ownership, but in order that our people should be more careful and take more interest in municipal affairs. The best men in our towns and cities should as a public duty go into our Councils with this end in view. (Applause.) In England matters have reached such a state in some parts that one banker told me that the banks were refusing to accept municipal bonds as securities and preferred industrial speculative securities to municipal bonds, which are considered first-class investments here. Our towns and cities cannot borrow as they could a few years ago, and they are paying four and a half and five per cent. where they used only to pay four and sometimes less. We must keep up the credit of this Province and of our municipalities.

MR. CLARKE : (Northumberland) The bonus system is one cause of the trouble.

HON. MR. MATHESON : Yes, and the failure to levy sufficient taxes to pay the year's rates. The result is that some Councils

come before this House asking for leave to pass by-laws to meet the floating indebtedness when they should have levied sufficient rates to meet them. I think it is within the province of the Provincial Treasurer to draw attention to this matter if for no other reason than to urge our best men to take an interest in public affairs. (Applause.)

Mr. Speaker, in closing, I have no apologies to make for our great increase in expenditure. We had the money and we spent it. We had more than sufficient, and we have paid it out in the interest of the people. Honorable gentlemen opposite will challenge us as to increases, and I ask them to make their charges definite and not to make vague charges. If the honorable gentlemen opposite say that we have increased this expenditure wrongfully—

MR. CLARKE (Northumberland) : Oh, we wouldn't say that. (Laughter.)

HON. MR. MATHESON : I ask them to be specific, to face the light of day and not to be vague. My only regret, Sir, is not that we have increased the expenditure, but that with all the demands upon us for assistance, many of them reasonable demands, which we should like to have met—my only regret, I repeat, is that, having due regard to the financial interests of this Province, to the necessity of keeping our expenditure within bounds, we have not been able to make all the grants that we should like to have made for the people. (Prolonged applause.)

The printed financial statements presented to the House on the day of the Budget speech were as follows :—

CASH AND DEBENTURE ASSETS OF THE PROVINCE.

BANK BALANCES :—

Current account.....	\$186,602 83	
Special deposits bearing interest	3,310,636 79	
	<hr/>	\$3,497,239 62

SINKING FUND :—

Re Ontario Government inscribed stock,
5 Edw. VII., cap. 2 and 3, £1,200,000,
one half of one per cent. per annum
on the principal.

Amount of stock purchased for the Province for sinking fund by the Bank of Montreal, Fiscal Agents, to the 31st December, 1906, £6,294 9s. 7d., at par of exchange	30,591 17
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DEBENTURES :—

Drainage Debentures ^a	85,779 50	
Tile Drainage Coupons	62,645 85	
Sault Ste. Marie Debentures	25,572 50	
	<hr/>	173,997 85
		<hr/>
		3,701,828 64

TRUST FUNDS OF THE PROVINCE HELD BY THE DOMINION.

Upper Canada Grammar School Fund, 2 Vic., cap. 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 purposes 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 Consolida- ted Statutes, c. 26) 1,000,000 acres set apart (proceeds realized to 31st Dec., 1905), after deducting Land Improve- ment Fund, \$2,585,639.99, proportion belonging to Ontario as per popula- tion of 1901	1,473,001 90	
	<hr/>	\$3,382,847 53

NOTE—See Awards, sessional papers, 1900 and 1901.

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 dis- pute		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.—Ontario Government Inscribed Stock (London Eng., loan) 5 Edw. VII., cap. 2 and 3, issued to redeem Treasury Bills falling due May 15, 1906, £1,200,- 000 at par of exchange.....	5,840,004 00	
3.—Ontario Government Bonds and Stock, 5 Edw. VII., cap. 2 and 6 Edw. VII., cap. 4 (Canadian Loan) issued for con- struction of Temiskaming and Northern Ontario Railway	3,000,000 00	
	<hr/>	8,840,004 00

NOTE.—Against these liabilities the Pro-
vince has an asset, the Temiskaming
and Northern Ontario Railway, now
under construction, the amount ex-
pended on which to 31st December,
1906, is \$408,450.80 in excess of the
above loans.

4.—Railway Certificates, present value, outstanding on 31st December, 1906	\$2,306,822 69	
Annuity Certificates, present value, outstanding on 31st December, 1906	1,610,200 59	
	<hr/>	3,917,023 28
5.—Common School Fund collections by Ontario from 1st January, 1906, payable to the Dominion, in trust, for both Provinces.....		6,694 91
In trust for Ontario, 3,813 99		
In trust for Quebec, 2,880 92		
6.—University of Toronto Certificates \$30,000 per annum for 29 years, 5 Edw. VII., cap. 37.		
Present value at 3½ per cent. per annum		541,073 10
		<hr/>
Total direct liabilities.....		15,041 986 01

INDIRECT LIABILITIES OF THE PROVINCE AND GUARANTEES.

1.—Algoma Central and Hudson Bay Railway and Associated Industries Guarantee Loan, payable 1st April, 1907, (4 Edw. VII., cap. 19).....	\$1,000,000 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 Company, 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	
	<hr/>	\$600,000 00
		<hr/>
		\$1,600,000 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, and available as a source of Provincial revenue.		
3.—The Canadian Northern Ontario Railway Company (formerly the James Bay Railway Company.)		
Guarantee by the Province of Ontario under authority of 4 Edward VII., c. 20, of principal and interest at 3½ per cent. per annum, Debenture Stock of above Railway payable in 30 years from 10th July, 1906. £1,101,369 17s. sterling		5,360,000 00

RECEIPTS AND EXPENDITURE, 1906.

RECEIPTS.

Balance in Banks Jan. 1st, 1906,		\$	c.	\$	c.
Current Accounts		368,937	69		
Special Accounts		1,570,642	27		
		<hr/>		1,939,579	96
From Dominion of Canada :—					
Subsidy on population.....		\$1,116,872	80		
“ 47 Vic. cap, 4		142,414	48		
Special grant		80,000	00		
		<hr/>		1,339,287	28
Interest paid by Dominion on					
Trust Funds		149,933	64		
Less interest paid by Ontario on balance of account current with Dominion from Con- federation to date as finally adjusted					
		69,487	60		
		<hr/>		80,446	04
Interest on investments		80,689	90		
		<hr/>		161,135	94
Department of Lands, Forests and Mines :					
Crown Lands :					
Agricultural		83,846	64		
Mining		118,243	62		
		<hr/>		202,090	26
Grammar School Lands.....		2,669	52		
Clergy Lands		3,969	71		
Common School Lands.....		9,218	61		
University Lands		1,082	40		
Railway Lands		22	25		
Rent :					
Mining Leases...		46,618	69		
Crown		3,372	83		
		<hr/>		49,991	52
Woods and Forests :					
Bonus.....		535,970	57		
Timber Dues....		1,295,378	53		
Ground Rent....		66,118	47		
Transfer fees.....		3,447	05		
		<hr/>		1,900,914	62
Casual fees		652	83		
Cullers' Fees.....		348	00		
Guides' Fees		132	00		

Assay Fees	1,655 20		
Rondeau Park ...	189 00		
Algonquin.....	296 50		
		<hr/>	3,273 53
Mining Licenses			
and Fees	70,256 06		
Royalty on Mines	15,000 00		
		<hr/>	85,256 06
Refunds :			
Temagami Timber			
cutting	3,531 54		
Forest Reserves..	1,221 50		
Fire Ranging	83 90		
Mining Inspection	21 75		
Bureau of Mines..	53		
Inspection Fees ..	12 00		
Agents' Salaries..	172 87		
Diamond Drill...	2,855 37		
		<hr/>	7,899 46
		<hr/>	2,266,387 94
Licenses			579,207 10
Law Stamps			85,945 60
Algoma Taxes			9,099 33
Education Department			64,545 85
Seeretary's Department			208,023 59
Fisheries			63,998 57
Agriculture			86,224 16
Supplementary Revenue Act (62, 63 Vic. and			
4 Edw. VII)			644,201 99
Succession Duty			1,015,713 24
Public Institutions :			
Toronto Lunatic Asylum.....	50,281 64		
London "	42,715 26		
Hamilton "	31,529 61		
Kingston "	10,067 82		
Mimico "	16,264 54		
Brockville "	11,866 84		
Orillia "	11,787 70		
Cobourg "	911 17		
Penetang "	2,440 11		
Woodstock "	3,532 33		
Reformatory for Females	3,569 96		
Central Prison Industries.....	92,474 68		
		<hr/>	277,441 66

Casual Revenue :

Fines, etc.....	26,657 37	
Public Officers' Surplus Fees..	18,349 68	
Insurance Companies' Fees...	21,158 30	
Loan Companies' Fees.....	9,423 30	
Shooting Licenses, etc	25,620 07	
Circus Licenses	2,817 00	
Private Bills.....	11,366 55	
Removal of Patients.....	3,368 50	
Official Gazette	7,340 04	
Statutes, etc.	1,285 94	
Rent of old Parliament Build- ings grounds.....	6,000 00	
Intestate Estates.....	12,145 14	
Escheated Estates.....	1,926 44	
Instalment Sale of Toronto School of Medicine Building	500 00	
Purchase of West Ft. William Gaol Property	945 31	
Unclaimed Dividends	81 29	
Incidentals	26,334 57	
	<hr/>	175,319 50
Less invested in Ontario Gov- ernment Stock (Canadian Loan)		
Robert B. Miles bequest to Blind Institution	500 00	
John Foote bequest to Mercer Reformatory	1,000 00	
	<hr/>	1,500 00
		<hr/>
		173,819 50
Temiskaming and Northern Ontario Railway :		
From earnings	158,154 47	
Drainage Debentures	8,517 17	
“ (Tile)	7,775 00	
	<hr/>	
Total Receipts		7,149,478 39
Stationery Account, excess of distribution over purchase		646 87
Proceeds of Sale of Ontario Government Inscribed Stock (English Loan) 5 Edw. VII, Cap. 2 & 3	£1,152,000	
Temiskaming and Northern Ontario Railway, included in advance. See Statement No. 18 in Public Accounts	48,000	
	<hr/>	
	£1,200,000	
	<hr/>	5,840,004 00

**Proceeds of Sale of Ontario Government
bonds and stock (Canadian Loan) 5 Edw.**

VII, Cap. 2 and 6 Edw. VII, Cap. 4 3,000,000 00

\$17,929,709 22

EXPENDITURE.

	\$	c.	\$	c.
Civil Government	428,280	46		
Legislation	215,195	36		
Administration of Justice	544,826	60		
Education	1,270,921	71		
Public Institutions Maintenance	957,347	35		
Central Prison Industries	58,905	02		
Colonization and Immigration	35,350	86		
Agriculture	432,296	90		
Hospitals and Charities	334,169	56		
Repairs and Maintenance	76,488	22		
Public Buildings	368,846	75		
Public Works	85,117	29		
Colonization Roads	219,559	37		
Charges Crown Lands	476,660	81		
Refunds	48,241	48		
Miscellaneous Services	214,172	53		
Purchase of Property for Immigration Pur- poses	12,000	00		
Purchase of hemp from the Independent Cordage Company	12,596	71		
Inter-Provincial Conference, Ottawa	435	50		
Provincial Boundaries Conference, Ottawa ..	73	65		
Commutation Volunteer Veterans' Land Grants	71,800	00		
Medical Faculty of Queen's College for Pro- motion of Medical Education	50,000	00		
Grant to Sick Children's Hospital (6 Edw VII, Cap. 5)	2,000	00		
	<u>5,915,286</u>	13		
Drainage Debentures Purchased	37,307	18		
Drainage Debentures (Tile) Purchased	1,800	00		
Railway Aid Certificates	130,860	68		
Annuity Certificates	102,900	00		
Common School Fund	6,038	73		
Good Roads (1 Edw. VII, Cap. 32)	95,141	89		
Sugar Beet Industry (1 Edw. VII, Cap. 44) ..	75,000	00		
University of Toronto (5 Edw. VII, Cap. 37)	30,000	00		
University of Toronto (6 Edw. VII. Cap. 55)	86,629	00		

Distribution to Municipalities from Railway

Tax (6 Edw. VII, Cap. 9)	81,060 99	
Interest, Charges and Sinking Fund for 1906 on Ontario Government Inscribed Stock (5 Edw. VII, Cap. 2 and 3 £1,200,000) ..	158,154 47	
Total Expenditure	6,720,179 07	
Advance to the Temiskaming and Northern Ontario Railway	1,872,286 53	
Ontario Government Treasury Bills falling due May 15, 1906, £1,200,000	5,840,004 00	
Amount at Special Deposit 31st December, 1906	3,310,636 79	
Amount at Current Account 31st December, 1906	186,602 83	
	3,497,239 62	
	17,929,709 22	

**ESTIMATED RECEIPTS, 1907, INCLUDING CASH BALANCES ON
HAND 31st DECEMBER, 1906.**

Subsidy	\$1,339,287 28	
Interest on Trust Funds held by the Dominion less interest on debts due by Ontario to Dominion	\$80,000 00	
Interest on Investments	90,000 00	
	170,000 00	
CROWN LANDS DEPARTMENT:—		
Woods and Forests,		
Bonus	350,000 00	
Timber Dues	1,300,000 00	
Ground Rent	65,000 00	
Crown Lands,		
Leases, etc	250,000 00	
Clergy Lands	5,000 00	
Common School Lands	10,000 00	
Grammar School Lands	2,000 00	
Royalty and Crown Mines	200,000 00	
Mining Licenses	100,000 00	
Cobalt and Kerr Lakes	1,155,000 00	
	3,437,000 00	
Public Institutions	135,000 00	
Central Prison Industries	60,000 00	
Education Department	45,000 00	
Provincial Secretary's Department	175,000 00	
Agriculture	74,000 00	

Casual Revenue.....	140,000 00
Succession Duties.....	700,000 00
Supplementary Revenue Tax (62 and 63 Vic.).....	640,000 00
Tavern and Brewers' Licenses.....	550,000 00
Law Stamps.....	80,000 00
Algoma Taxes.....	2,000 00
Fisheries	65,000 00
<hr/>	
Total Estimated Receipts.....	7,612,287 28
Cash Balances 31st December, 1906.....	3,497,239 62
<hr/>	
Total.....	\$11,109,526 90

ESTIMATED EXPENDITURE, 1907.

Civil Government.....	\$530,982 00
Legislation.....	224,500 00
Administration of Justice.....	612,394 29
Education.....	1,396,266 27
Public Institutions Maintenance.....	1,040,058 50
Agriculture.....	485,453 00
Colonization and Immigration.....	46,065 00
Hospitals and Charities.....	303,663 53
Repairs and Maintenance.....	89,795 00
Public Buildings.....	539,695 00
Public Works.....	161,600 00
Colonization Roads.....	298,311 00
Charges Crown Lands.....	525,800 00
Refunds.....	33,172 39
Miscellaneous	231,375 30
<hr/>	
	\$6,519,131 28

(NOTE.—There will also be a very considerable amount of statutory expenditures.)

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	1,997,350 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		
1926	120,860 68	69,350 00		
<i>F'r'd</i>	2,417,213 60	1,997,350 00	<i>Tot'l</i>	3,872,786 10	2,393,650 00

NOTE—Present value of Railway Certificates (interest $1\frac{3}{4}$ p. c. half yearly) \$2,306,822 69.
do Annuities do $1\frac{3}{4}$ do 1,610,200 59.

Government
Publications

