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Financial Statement

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OF

The HON. A. J. MATHESON

TREASURER OF THE PROVINCE OF ONTARIO

Delivered on the 2nd February, 1911

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.

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*Ont. Dept. of Treasury and Economic
Taxation and Fiscal Policy* Government
Publications *Finance*
Budget

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TORONTO

BUDGET SPEECH

DELIVERED BY

HON. A. J. MATHESON

PROVINCIAL TREASURER

2nd FEBRUARY, 1911

MR. SPEAKER: In rising again to make the annual motion that the House go into Committee of Supply, I have to congratulate the Province and the Legislature on another very successful year, both as regards the Province and its people and their success in life, and also as to the returns made in our financial year.

During the past year, ending on October 31st, 1910, our current revenue was \$8,891,004. Our current expenditure was \$8,887,520.09, leaving a balance of \$3,400 on the right side. (Applause.) This balance might have been much larger with a little bookkeeping, considerably larger. We have not charged here anything to the Hydro-Electric for interest during construction. We have paid the whole of the interest falling due on the loan for that purpose—three and one-half million dollars—and they have not returned any interest on account of the money advanced to them; because all interest, both in railway building and on Hydro-Electric during construction, where there is no income, is necessarily charged to capital, and if we had simply given them that much more—\$62,000, which is the interest during the past year—they might have returned it; we might have paid it into revenue and charged it on the expenditure side as a payment on capital.

The receipts during the year, except in connection with the subsidy, which is of course fixed, and the Temiskaming

and Northern Ontario Railway, are in every department, in every branch, much in excess of the estimate, showing that our estimates were very conservative. The total excess was \$690,000, from which has to be deducted the decrease on the railway of \$205,000, leaving \$485,000 received on current account over the estimate. This increase was all along the line, as I have said. In interest we received \$100,000 more on our investments; \$12,000 of that was accrued interest on account of the bonds sold, and a large part of the other interest was owing to our expenditure on capital account not having been made as fast as anticipated. We commenced the year with a balance on hand of some \$5,000,000. We expected to spend, and did spend, a very large amount on capital account, but we did not spend quite as fast as we anticipated, the result being that the increase of interest over estimate was \$100,635.

On Crown Lands we received \$151,000 more than the estimate, and here I might say, my honourable friend from North Grey, the Leader of the Opposition, has claimed that we should treat the revenue received from timber as on capital account. Now, against that, Sir, I say that it is estimated that the value to the Government of the Crown Lands, minerals and timber of this Province is at least \$100,000,000—many good authorities estimate it at several times that much. The whole receipts were under three per cent. on that amount, and surely we can treat that as the natural increase in value of those Crown Lands, mines and timber; and, besides that, a large amount of that revenue is spent in developing our country, in surveys, colonization roads, public buildings and the charges of management of the Crown Lands; so that we are justified, Sir, I hold, in treating the whole of Crown Lands receipts as ordinary revenue, especially as we have had no special sale of timber as in 1903.

The next item is Public Institutions, which, under the good management of my honourable friend, the Provincial Secretary, increased \$51,000 over the estimate. The Central Prison Industries, which are now closed, increased \$25,000;

Education increased \$4,000; Provincial Secretary's Department, chiefly from charters, \$43,000; Agriculture and Stationary Engineers, \$11,000; Casual Revenue, \$57,000. This latter item it is impossible to estimate accurately, for it is one in which every receipt which cannot be placed elsewhere is put. For instance, we got \$11,000 or \$12,000 from one set of fines, so that it is impossible to estimate the receipts under Casual Revenue much closer.

In Succession Duties we had an increase of \$108,000. Now, it is almost impossible from any data we have, other than the doctrine of averages, to estimate what the receipts from Succession Duties may be. Last year, at the time the Budget debate took place (eighteen months, I might say, is given after the date of death for payment of Succession Duty), all the money that was payable within those eighteen months was \$258,000. I added to that \$400,000, making \$658,000, putting the estimate at \$650,000, whereas the fact is that we received \$758,000. Executors, as a rule, do not care to give bonds if there is money on hand with which they can pay the duties, and we therefore always receive a large amount in advance. They are anxious to get rid of us, and once we have settled the amount of duty they generally pay up at once.

From the Supplementary Revenue we received \$27,000 more. I estimated the amount to be received at \$725,000, the same as the previous year, but there were increases in the number of bank branches and mileage of railroads, and these returns, which we did not get in until April, brought us in some \$27,000 more. I have this to say about the Supplementary Revenue—it is a sign of the prosperity of the country. It was distributed over fourteen sets of corporations and was due on the 1st October. By the end of October we had over \$750,000 paid in, and there is to-day only a few hundreds owing on that account. The corporations have learned that Government taxes must be paid, and they pay promptly.

From Tavern and Brewers' Licenses the increase was \$80,000. My honourable friend the Provincial Secretary

probably thought there would be a reduction on account of Local Option to a greater extent, but still we received \$580,000 from that source. From Law Stamps there was a slight increase of some \$3,000, and from Game and Fisheries an increase of \$26,000.

Then the only decrease was on the Temiskaming and Northern Ontario Railway, the revenue from which I estimated at \$625,000, enough to pay the interest and sinking fund on the debt. We only received \$420,000; they actually earned \$436,000, but they need a small amount of money to carry them along, and they paid \$420,000 instead of \$436,000. At first I thought that the use of compressed air instead of coal at Cobalt was the determining factor in this decrease, but I found out that that had a comparatively small influence. In 1909 there were 105,000 tons of coal drawn to Cobalt, and in 1910 but 53,000, so it practically decreased one-half. The difference in earnings, however, from that would be only \$25,000 or \$30,000. The total gross earnings were greater in 1910 than in 1909, but the real factor causing the decrease in net earnings was the large amount paid for maintenance-of-way. We expended on maintenance \$164,000 more than in the previous year. And further, the wages of the men employed upon the road have been increased to practically the same as the Grand Trunk and C.P.R. That accounts for the whole difference in the amount anticipated and that paid.

The total increase in charges on maintenance was \$178,000 on certain items, and a decrease in other items of \$14,000, leaving a net increase of \$164,000. The result is that we have got a good road-bed, a safe road-bed, one on which few or no wrecks take place. Last year we carried 670,000 passengers, and not one of those passengers was killed. (Applause.) I think, Mr. Speaker, that too much attention is sometimes paid by the Dominion Railway Board and others to reducing freight rates. The first care of that Board ought to be to see that each and every railway is maintaining its road-bed in proper order. The safety of the people, the freedom from wrecks, is a great factor that ought to be established

and has been proved a success in the case of our road, even though it has caused some decrease in the net revenue. Why, Sir, I have heard of a case of a railway wreck on one of the great railways of this Dominion within two or three years which cost \$1,000,000 in loss to the railway in damages paid for passengers killed and injured and the destruction of property. I am told on good authority that the loss was about \$1,000,000, and other great losses of a similar nature have been incurred, which we have escaped by the safety of our road-bed.

I will give you some of the items on which this increase has taken place. The total expenditure charged to maintenance was \$376,000 against \$212,000 in 1909, an increase of \$164,000. This amount is made up somewhat as follows: Ballast increased \$11,000; ties, \$46,000 more—these ties were put closer together, and the life of many old ties had expired; rails, over \$12,000; roadway and track, \$77,000; bridges, trestles and culverts, \$12,000. All this is charged to ordinary traffic maintenance. In addition to that, we advanced them some \$785,000, spent on buildings, putting in steel trestles instead of temporary bridges, and various repairs of that sort, as well as straightening tracks.

As regards the railway, the principal charge during this year will be the building of the Porcupine extension, which will be thirty or forty miles in length (the exact distance is not known yet), under the authority of an Act passed last Session, which empowers us to build a railway not exceeding forty miles in length. It is a light railway and is expected to cost \$15,000 per mile. It will be sufficient to take the traffic in there without being much of a burden on the Province. Already a very large traffic for that country is going and coming by way of Kelso, from which the railway runs in to Porcupine. The Chairman hopes that it will be completed by the end of June next.

I have no doubt, Mr. Speaker, that our road will pay its way in the course of a year or two and pay interest and sinking fund on the cost, provided, Sir, that we hold the North West

traffic. Negotiations are going on at present with the Grand Trunk Railway. They are not completed yet, and I cannot go into details, but the Grand Trunk expects to send a very large traffic over that road, and they will send it providing we hold the North West traffic.

But the question is, under the changes of the last month or two, whether Ontario and Quebec are going to hold the North West traffic. We are told by such men as Mr. William White, of the C.P.R., Winnipeg, a man who thoroughly understands the effect of traffic east and west and north and south, and what competition he has to meet, and whether he may lose by the changes that are proposed, that we will lose much of this traffic. Now, I do not feel disposed to discuss this at present, except in connection with our own railway. Sir William Mackenzie, I might add, also is of the same opinion. Other authorities on railway matters have the same opinion. History, Mr. Speaker, teaches us the same thing, for, as we all know, the lesson of history is that under the same conditions the same results will happen. Quebec and Montreal will lose traffic, Toronto will lose a large share of the North West traffic; the whole tendency of the trade on which our factories, farmers and fruit men depend is very apt to go south.

Now, what was the result of the Reciprocity Treaty in 1854? What happened then is likely to happen again, because the conditions are similar. Quebec at that time lost most disastrously, Montreal lost heavily, the bulk of Toronto's traffic came in through New York, and so in the same way our North West traffic will go by Minneapolis and Chicago, and I am doubtful about the result.

Here are the figures as to the effect of that treaty at that time. The treaty was formed in 1854 and adopted in Canada towards the end of 1854 after navigation closed. The exports from Quebec in 1854 were \$10,047,068; in 1855, \$6,234,808; the decrease in exports being \$3,812,260. The imports in 1854 at Quebec were \$7,017,316, and in 1855, \$2,930,224, a decrease of \$4,087,092 in the first year of Reciprocity. Quebec suffered most disastrously by that treaty, for Toronto and the West

brought in their goods through New York instead of through Quebec.

The shipping outwards at Quebec in 1854 was 1,558 vessels carrying 693,588 tons; in 1855, 877 vessels carrying 408,994 tons; a decrease in one year of 681 vessels and 284,594 tons.

At Montreal the exports in 1854—these are entirely different from those of Quebec—were \$2,290,058; and in 1855, \$1,914,412; a decrease of exports of \$375,645. The imports at Montreal in 1854 were \$15,264,328; in 1855 they were \$12,256,245; a decrease of \$3,008,083. The exports in 1866, that is the last year of the treaty ending 30th June, 1866, were \$6,831,635, that is from Montreal. In 1867, the year after the treaty expired, the exports were \$8,104,622, an increase of \$1,272,987. Imports in 1866 at Montreal were \$24,241,217. After the treaty expired, in 1867, the imports were \$28,139,283, an increase at Montreal after the treaty expired of \$3,898,066. At Quebec in 1867 the exports were \$167,000 less than in 1866 and the imports \$186,586 larger.

I repeat these statistics in another form:

Quebec.

Exports, 1854	\$10,047,068
“ 1855	6,234,808
	<hr/>
Decrease	\$3,812,260
Imports, 1854	\$7,017,316
“ 1855	2,930,224
	<hr/>
Decrease	\$4,087,092

	Vessels.	Tons.
Shipping outwards, 1854	1,558	693,588
“ “ 1855 ...	877	408,994
	<hr/>	
Decrease	681	284,594

Montreal.

Exports, 1854	\$2,290,058
“ 1855	1,914,412
<hr/>	
Decrease	\$375,645
Imports, 1854	\$15,264,328
“ 1855	12,256,245
<hr/>	
Decrease	\$3,008,083

(See Trade and Navigation Returns, 1855, pp. 253 and 260.)

At Montreal before and after the treaty was terminated by the United States in 1866—

Exports, 30th June, 1866	\$6,831,635
“ “ 1867	8,104,622
<hr/>	
Increase	\$1,272,987
Imports, 1866	\$24,241,217
“ 1867	28,139,283
<hr/>	
Increase	\$3,898,066

At Quebec, in 1867, our total foreign trade was \$2,750,000 less than in 1854, and although the foreign trade of Canada in 1867 was only \$60,000 more than in 1866, the trade *via* Montreal was \$5,000,000 more in 1867 than in 1866, so rapidly was the direction changed both on the coming into force of the Reciprocity Treaty and again on its termination, the decrease of exports and imports at Quebec in 1855 being nearly eight millions out of a total of seventeen millions, and of shipping from 1,588 vessels in 1854 to 877 in 1855.

(See T. & N. Returns, 1867-68, part II., p. 228½.)

I cannot help thinking, Mr. Speaker, that Halifax and St. John, Quebec and Montreal, and Toronto, will lose the North West trade, and I see this very seriously in view of the fact that our railway will not get the advantage, if this treaty carries, in the traffic over our own road.

Now, Mr. Speaker, the honourable gentleman from North Grey is very fond of stating throughout the country—and I do not quote what he has said in this House—that the old Government were very good on constructive legislation, and he has criticized this Government for not having introduced any constructive legislation.

Honourable A. G. MacKay: Hear, hear.

Honourable Mr. Matheson (continuing): Now, Mr. Speaker, I would like to know what original constructive legislation they ever introduced. Surely in thirty-two years they could do something, but they did nothing except copy English or American legislation. (Loud applause.) Where did they ever form a scheme like the Hydro-Electric to furnish the people of this Province with cheap power? That is one among other things this Government has introduced far in advance of the former Government, or even of the suggestions of my honourable friend. That was really constructive legislation, building up this Province, developing it, whereas they sat still and did nothing except for their own friends.

Sir James Whitney: Hear, hear.

Honourable Mr. Matheson: Theirs was not original constructive legislation. Take, for example, the two specimens that the honourable gentlemen claim as their constructive legislation. Take the Succession Duty Act and the Supplementary Revenue Act in the Treasury Department. Away back in 1854 the British Government laid on succession duties to pay the expense of the Crimean War. It was meant for a war tax, and was found so convenient that they kept it on. Our honourable friends copied it entirely from the British and American statutes. Take the Supplementary Revenue Act. The whole and every item of that was copied from Quebec.

The Honourable Mr. Hardy simply followed as far as he could the taxation of the Province of Quebec. Nothing was original with them.

Honourable A. G. MacKay: It is a good law. Why did the honourable gentleman oppose it?

Honourable Mr. Matheson: It is working well now. What was necessary at that time was not to give so much to the friends of the honourable gentlemen opposite, and save taxation not required for the development of the Province.

But, Mr. Speaker, it is not in legislation alone that this party and this Government claim to have exceeded their predecessors. It is also in administration. Take under these two Acts alone, the Supplementary Revenue Act and the Succession Duties Act; for the five years succeeding the 1st of January, 1905, and the previous five years, the increase of revenue was more than \$4,500,000.

Honourable A. G. MacKay: Does my honourable friend claim credit for the fact that people are dying?

Honourable Mr. Matheson: No. But I am claiming credit for this, that the money due to the people of this Province is taken. I claim that under the previous Government these Acts were not properly administered. Some of the increase, no doubt, is due to several increases made in the taxation, some is due to the increase of the wealth of the Province, but much of the increase is due to better administration. If I was to take another year I would add more than a million dollars to that amount—I would make the increase nearly six millions—but perhaps it would be deemed unfair if I took last year against eleven or twelve years ago; but \$4,500,000 is that increase in our first five years over the previous five years under these two Acts alone.

In Succession Duties the increase of five years from 1905 to 1909 over the previous five years is more than two and three-quarter millions. The increase in Supplementary Revenue of the first five years after the 1st January, 1905, over the previous five, is \$1,790,000, making over \$4,500,000.

Then take the Crown Lands which, I have said, is a case

of administration. In 1903 the honourable gentlemen opposite sold three and a half million dollars worth of timber limits. There has been no great sale—there have of course been sales—such as that of 1903 under the present Government, and yet the increase in the five years over the previous five years is \$3,000,000. (Applause.)

Take the Honourable the Provincial Secretary's Department. From charters, Public Institutions and the Liquor Licenses the increase has been two millions—the exact figures are \$1,993,388. With Game and Fisheries much lies in the administration, and there the increase has been very large, considering the amount involved; and the same with the Agriculture Department. And yet every service has been fully supplied, every service has been administered with economy, and the people have not suffered as a result.

Now as to our expenditure. The payments on ordinary expenditure have been well within the estimates in every department. We can generally count that at least five per cent. of the ordinary expenditure voted in estimates can be saved; that is, we actually expend five per cent. below the amount voted. The Estimates are so divided that the Ministers in each Department naturally seek to obtain enough to cover any expenditure that may be anticipated. But because the money is voted they do not necessarily expend it. They administer carefully and in every respect they try to bring the expenditure within the amount voted.

I might also say that during the past year we paid off \$168,000 of liabilities. The present value of the railway certificates and the annuity certificates is \$101,000 less than the year before. We added to the sinking funds on English loans \$55,000, which is invested in the loans themselves, and bears interest. In addition we have reduced the present value of the bonds issued for University grant of \$30,000 per annum for 30 years by \$12,000.

As to the capital receipts we received from drainage debentures the sum of \$25,000 and spent some \$74,000, on which they pay us four per cent. [The balance of the Ontario loan of

\$3,500,000 was paid up last February as announced before. We received from it over all costs, advertising, brokerage, etc., \$50,000 in excess of the par value. From municipal sinking funds we received \$16,500, besides as much on hand before. The addition to Osgoode Hall, as I announced last year, is being built out of the Land Titles Assurance Fund. Last summer the fund amounted to over \$100,000 and we received \$80,000 on account, and I may say here that no payment has ever been required to be made out of this fund, towards this building, and we will receive more. The interest on this fund is $2\frac{1}{2}$ per cent.

The Government House property was sold during the year for \$800,000, of which \$80,000 was paid on account, and the balance is payable when the delivery of the property is made. We advanced to the Temiskaming and Northern Ontario Railway for capital expenditure for the year the sum of \$785,000, and on Good Roads \$150,000. The total advanced by the Province since the Act was first introduced by my honourable friends when they were in power is a little over \$700,000. There was at that time a million set aside for Good Roads, and in 1907 the Act was enacted again and the million is still there. So that out of the present million that has been set aside only \$450,000 has been paid out, and twice that amount has been spent by the counties.

As to the Parliament Buildings; \$149,000 was spent on the west wing and \$121,000 on the north addition. I might say that we have in the votes, Mr. Speaker, the sum of \$400,000 for the west wing, in addition to the insurance money. The architect estimates that the west wing could have been restored in the same condition that it was on the insurance money, but on looking into it we decided to make it fireproof as far as possible and to add more rooms which were badly needed. The result is that we will have 52 additional rooms, steel construction throughout, fireproofing, additional storage room and a better looking building. [The floor space of those 52 rooms will be 18,000 square feet. Now the way to test the comparative cost is by taking the square foot space as a basis.

Office buildings are rented down town by the square foot, and \$1.50 is the average cost in a good office building. That includes heat, light and cleaning. These 52 rooms at 18,000 square feet will average 90 cents per square foot rental; add to that twenty cents for cleaning, heat and light, which the architect tells me is the right figure, would make about \$1.10. Our Hydro-Electric offices down town rent for \$1.14 per square foot. We propose to move them up here. They are very poor offices and badly laid out. Good offices rent for \$1.50 per square foot, so as an investment it pays this Province well.

Take the north wing—library and stack room—41,000 square feet. The cost will be about half a million, so that the rent to pay interest on cost will equal about fifty cents per square foot. Add to that 20 cents for cleaning, light and heat, making 70 cents per square foot. Therefore it pays us well as an investment to build our own buildings, light, heat and clean them, and look after them, rather than rent offices down town or elsewhere.

On the Hydro-Electric transmission line, \$2,100,000 was advanced during the year, and there was spent on the Port Arthur transmission line nearly \$30,000 in addition to \$30,000 to be voted in the estimates. I have this to say about the Hydro-Electric—I am treating it only from a financial standpoint—the Hydro-Electric line on the original plan, taking in the towns originally included, has in some respects cost more than estimated, as in the right-of-way, station towers, and also in the protective system, which was not included in the original estimate. Of course it is impossible to tell at present, because the whole thing is not sufficiently closed up to know what the result may be, but I am told that the whole original Niagara scheme of the Hydro-Electric covering all the towns originally mentioned, giving the additional protective system besides, will be built within the estimate given to the municipalities and on which the rates given to the municipalities were based. (Applause.)

I do not say that there will be no more expenditure, for

more towns are coming in. From all over the western peninsula, from all over eastern Ontario, applications are coming in day by day to the Hydro-Electric asking them to instal the power there. So there will be additional expenditure even on the Niagara system; but every dollar of additional expenditure, through taking in other towns, also means additional revenue sufficient to cover the cost of interest and sinking fund for that additional expenditure. Down east they are taking it up. In the north, even at Port Arthur, the Hydro-Electric are extending their system. My honourable friend may say there is an odd town or two that will have nothing to do with the Hydro project. Some of these towns may prefer to have their own lines from their own water-power and run it themselves. Is it any reason why, because we build the Temiskaming Railway into the north country and are striving to make it pay its way, that we should build railways all over the country or even build extensions, that cannot pay, to the Temiskaming Railway; build from the Soo up north, from Fort William, even from Owen Sound, or elsewhere? Should we do that because we have gone into a railway scheme to develop the north country where we find we can make it pay?

It does not necessarily follow, because we can do well and at the same time develop the country, that we should try to drive all private enterprise out of the country. The result is, that we help these other towns through the Hydro-Electric by advice which is freely at their service, and even if they do pay one-half per cent. more interest, it is made up to them by the advice and assistance which the Hydro-Electric is willing at all times to give them in carrying out their schemes. I believe, Sir, that this whole Hydro-Electric system, without striving to deprive other power companies of all their market, will at the same time develop this Province throughout, and if nothing else was done, it has reduced the price these power companies are charging. (Applause.)

Why does not the Dominion Railway Board take charge of the prices charged by companies incorporated by the Dominion? They take away from us all authority over them. They

regulate the charges of railways, telegraph companies, express companies and everything else, but they hesitate and do not give them a single power to regulate the prices charged by the electrical companies chartered by the Dominion Government, although they have no right to give one of those charters, for that is properly within the purview of this Province. They take away the power—

Honourable Mr. MacKay (interrupting): Why don't you take action in the Courts if they have no right?

Honourable Mr. Matheson: They have the power under The Confederation Act to declare everything possible for the benefit of Canada.

Honourable Mr. MacKay: Is it legal?

Honourable Mr. Matheson: It is not right whether legal or not.

Mr. Clarke (Northumberland): It is in the Act.

Honourable Mr. Matheson (continuing): Why do they take charge of all these things? I believe, in the Trent Valley, the Honourable the Minister of Railways has done one good thing. There is nothing in the Act to regulate the prices to be charged, but there is in the leases given for these powers on the canal. I believe he makes the terms of their charges subject to the Dominion Railway Board. By subsidiary companies, such as the Toronto Street Railway, the Toronto Electric Light, and in other ways, these great power companies charge the people whatever they like, and there is no check upon them except competition.

Of course the amount paid for the new Provincial Prison will be more than recouped by the sale of the old one. The amount paid for the new Government House will be made up by the amount received from the sale of the old Government House.

Now as to the new estimates for the current year; they include the main estimates voted last Session for this year and also the supplementary estimates, but they do not include further votes for colonization roads and for public works.

The total amount of the main and supplementary estimates is \$7,637,887.93, and the estimated receipts are \$8,216,772.08. Nor have I included in the receipts anything to be received from the Hydro-Electric Commission for interest on the money advanced to them. The amount is uncertain yet, but some of the towns, Toronto for instance, have not yet commenced to use power and it is doubtful how much of that interest will have to be charged to capital and how much will be payable to us on account of the advance. A percentage of 5.8, I might say, pays the interest and sinking fund in thirty years on the cost of the lines.

I may say, Mr. Speaker, in addition, that these receipts do not include the revenue which will be derived from several bills to be introduced this session increasing the revenue of the Province, the details of which have not yet been completed.

During the past year, Mr. Speaker, the most notable matter outside the estimates has been our victory over the Dominion on Indian Treaty No. 3. The Dominion Government brought an action against the Ontario Government, before we came in power some years ago, claiming that the Province should pay to the Dominion all the money paid under Indian Treaty No. 3, covering the district near Rainy River and from the height of land north to Kenora. The Judge of the Exchequer Court first gave judgment against us. The Supreme Court reversed the decision by three to two, and the Judicial Committee of the Privy Council, during the last summer, upheld the judgment of the Supreme Court and held that the Province was not liable for payment of these monies under Indian Treaty No. 3. The amount involved was very large. Of course it could not be told exactly, but it ran from $1\frac{1}{2}$ to $2\frac{1}{2}$ millions, of which this Province will not now pay one dollar. It is settled for ever by the Privy Council. In connection with this treaty is the question of reserves, which has not yet been settled. They were set aside at the time of the treaty, but they have to be confirmed by this Government.

Another case in which we won, was an action brought against us by the Government of Quebec, claiming that the

arbitrators had power to decide whether we were liable for monies that we did not receive on account of common school lands. In various cases the Minister of Crown Lands at the time, or the Government, reduced the price of Common School Lands, which may have been fair enough—we claim at present it was fair enough—and Quebec claimed that we had no business to make these reductions without a new valuation and that we were liable to the Quebec Government for their share of the reduction, although we never got the money. The Privy Council decided in favour of us. There is still between us and the Province of Quebec the matter of the Common School Account, and I do not want to say too much—an account which has never been settled between us in connection with the Common School monies actually collected by us in which Quebec shares.

The only real test and the supreme test as to whether we have done well or not comes from the statement of Assets and Liabilities. This Government has for six years governed this Province to the best of its ability. We have encouraged education; we have opened the north country, completed the Temiskaming, completed the Hydro-Electric first system—practically completed it—and in every way we have developed this Province. The Province has been prosperous under the regime of this party. It has paid its way in every year, and at the end of that time—six years—in that statement of assets and liabilities, we show assets of \$24,500,000 against \$22,000,000 of liabilities. (Loud Applause.) And there is this to say, Sir, that of these assets of \$24,500,000 more than \$23,500,000 is interest-bearing. There is our money in the bank bearing interest, our money loaned on drainage debentures bearing interest, money advanced to the Temiskaming Railway, some \$16,000,000, which we hope will pay full interest and sinking fund within two or three years, and the Hydro-Electric, which also will pay interest and sinking fund sufficient to exterminate that debt. We have built up the University in a manner such as was never dreamed of before. Our people are being educated, are being advanced. We are looking after their

interests. That, Sir, I hold, is the supreme test as to whether we have done well or not.

I do not wish to detain the House, Mr. Speaker. This subject will be well debated, but I wish as my last word to talk to this House as an earnest Canadian, and I ask the members to think over what I have said as to the injury done or possibly to be done to this Province and to the Province of Quebec by the loss of the North West trade. I ask them to consider the injury to be done to our own railway, and surely I may appeal to both sides of the House as patriotic Canadians to make their voice felt—and it is the men of the Opposition who can make their voice felt most.

I tell you, Mr. Speaker, one of them speaking to their Government has ten times more weight than a man of the opposite party.

Honourable Mr. MacKay: I don't think so.

Honourable Mr. Matheson (continuing): I am not seeking to discuss other phases of the matter than the transportation question, but I ask you to think well of what the country was, and the past record of traffic under the former treaty. You must remember that much of the benefit to us during the old treaty was owing to the Civil War, and we had to deal with men taken up with their own affairs at that time. Now we are dealing with competitors, and I am sure that when the people of this Province think over this matter seriously they will see that it is a matter we ought to urge to the utmost—That Canadians stand true to Canada and not give themselves into the keeping of a foreign country. (Loud and prolonged applause.)

CASH AND DEBENTURE ASSETS OF THE PROVINCE.

OCTOBER 31ST, 1910.

BANK BALANCES:—

Current account	\$145,589 66	
Special deposits bearing interest	3,032,000 00	
		<hr/> \$3,177,589 66

SINKING FUNDS:—

Re Ontario Government inscribed stock, 5 Edward 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 of October, 1910, £30,874 9s. 2d., at par of exchange..... 150,049 87

Re Ontario Government inscribed stock, 8 Edward VII., cap. 11 and 12, £820,000, 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 of October, 1910, £6,071 1s. 0d., at par of exchange..... 29,505 30

DEBENTURES:—

Drainage Debentures	173,449 90	
Tile Drainage Coupons	45,780 00	
Sault Ste. Marie Debentures	25,572 50	
		<hr/> 244,802 40

Temiskaming and Northern Ontario Railway, amount expended to 31st October, 1910, see Statement No. 17..... 16,123,338 69

Niagara Power Transmission and Port Arthur Power Transmission. Amount expended on Transmission Lines to October 31st, 1910:

Niagara Transmission Lines	\$2,587,441 43	
Port Arthur Transmission Line	29,909 08	
		<hr/> 2,617,350 51

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

Balance due from sale of old Government House property 720,000 00

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, 1909), after deducting Land Improvement Fund, \$2,611,347.56, portion belonging to Ontario as per population of 1901 1,487,647 15

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

Common School Fund, Montmorency Bridge Debentures paid over to the Dominion *re* Quebec Turnpike Trust, \$6,000.00, portion belonging to Ontario as per population of 1901 3,418 11

1,491,065 26

Total Assets \$24,553,701 69

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 Temiskaming and Northern Ontario Railway, £1,200,000 at par of exchange 5,840,004 00

(2) Ontario Government Inscribed Stock (London, Eng., loan), 8 Edward VII., cap. 11 and 12, 4 per cent., principal due May 1st, 1947, for construction of Temiskaming and Northern Ontario Railway, £820,000 at par of exchange 3,990,666 66

(3) 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

(4) 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

(5) 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
(6) Municipal Securities, 8 Edward VII., cap. 51. Municipal Sinking Funds on deposit with the Province of Ontario to 31st October, 1910, with accrued interest at 4 per cent.....		32,452 44
(7) Railway Certificates, present value outstanding on 31st October, 1910..	2,534,340 29	
Annuity Certificates, present value outstanding on 31st October, 1910..	1,455,276 45	
	<hr/>	3,989,616 74
(8) Common School Fund collections by Ontario, from 1st January, 1910 payable to the Dominion, in trust for both Provinces		6,244 58
In trust for Ontario.....	3,557 45	
In trust for Quebec.....	2,687 13	
(9) University of Toronto Certificates, \$30,000.00 per annum for 25 years, 5 Edward VII., cap. 37, present value at 3½ per cent. per annum.....		494,445 60
(10) Assurance Fund under the Land Titles Act, R.S.O., 1897, cap. 137, sec. 130, amended by 3 Edward VII., cap. 12, sec. 5. 10 Edward VII., cap. 61		80,000 00
		<hr/>
Total Direct Liabilities		\$22,083,430 02

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., cap. 29)	100,000 00	
(10 Edw. VII., cap. 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 thirty years from 30th of 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

 \$9,260,000 00

RECEIPTS AND EXPENDITURE.

FISCAL YEAR ENDED OCTOBER 31ST, 1910.

RECEIPTS.

Balances as per Public Accounts, 1909.

	\$	c.	\$	c.	\$	c.
Amount at Special Deposit						
31st October, 1909			5,009,278	00		
Amount at Current Account						
31st October, 1909			77,005	75		
					5,086,283	75

Consolidated Revenue Fund.

From Dominion of Canada:

Subsidy on population, B.

N. A. Act, 1907..... 1,746,357 60

Subsidy, 47 Vic., c. 4..... 142,414 48

Special Grant, B. N. A.

Act, 1907..... 240,000 00

 2,128,772 08

Interest paid by Dominion,

see Statement No. 3.... 74,522 51

Interest on Investments.. 170,240 46

244,762 97**Lands, Forests and Mines:****CROWN LANDS:**

Agricultural104,949 35

Mining327,160 12

432,109 47

Clergy Lands .. 908 35

Common School

Lands 8,486 59

Grammar School

Lands 390 40

University Lands 1,072 08

10,857 42**RENT:**

Mining Leases.. 29,008 79

Crown Leases... 7,469 66

36,478 45

Mining Licenses. 84,059 49

Recording Fees.109,622 99

193,682 48

Royalties258,336 26

Provincial Mines 549 77

258,886 03**SUPPLEMENTARY REVENUE:**

Acreage Tax ... 15,394 14

Profit Tax108,880 41

Gas Tax 7,127 91

131,402 46**WOODS AND FORESTS:**

Bonus 92,396 36

Timber Dues..1,634,496 21

Ground Rent ..104,326 64

Transfer Fees... 3,863 50

1,835,082 71**Provincial Assay**

Fees 890 21

Casual Fees ... 1,420 64

Cullers' Fees .. 384 00

2,694 85

Rondeau Park..	5,256 00	
Algonquin Park.	3,806 25	
Forest Reserves.	930 50	
	<hr/>	9,992 75

REFUNDS:

Bureau of Mines	4 00	
Wood Ranging..	4,372 99	
Fire Ranging .	29,553 80	
Diamond Drill .	5,671 82	
Special Services and Unforeseen Expenses	21 00	
Agents' Salaries.	390 00	
Explorations and Investigations.	81 50	
Mining Record- ers	5 00	
Exploration and Estimation of Timber Berths	67 20	
Special Surveys in Mining Dis- tricts	24 95	
Commissions <i>re</i> Sundry Inves- tigations	49 70	
	<hr/>	40,241 96
		<hr/>
		2,951,428 58
From Licenses		580,162 43
“ Law Stamps		101,443 30
“ Algoma Taxes		3,264 80
“ Education		44,076 20
“ Provincial Secretary		243,109 36
“ Game and Fisheries		126,866 61
“ Agriculture		122,088 60
“ Supplementary Revenue Act, 8 Ed- ward VII., c. 14.		752,338 76
“ Succession Duty		679,730 96
“ Succession Duty (Funds deposited in lieu of Bond for payment of Succession Duty)		78,715 50
“ Casual Revenue		137,675 17

HON. A. J. MATHESON.

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From Public Institutions:

Toronto Hospital for Insane	51,064	62
Brockville	13,382	42
Hamilton	36,510	09
Kingston	15,938	44
London	36,539	96
Mimico	18,638	82
Orillia	11,363	32
Penetanguishene	3,747	36
Woodstock	13,765	09
Cobourg	708	20
Reformatory for Females..	9,160	95
Central Prison	293	66
Central Prison Industries..	65,456	43
		<hr/>
	276,569	36

From Temiskaming and Northern Ontario Railway, from Earnings 420,000 00

Total Receipts 8,891,004 68

From Drainage Debentures, Municipal	17,501	15
“ Drainage Debentures, Tile	7,530	00
“ Province of Ontario Loan (Canadian) \$3,500,- 000.00. Net proceeds for fiscal year ended Oct. 31st, 1910. See Statement No. 19—Balance..	1,451,235	49
“ Municipal Securities, Municipal Sinking Funds received for fiscal year ended Oct. 31st, 1910.	16,596	19
“ Assurance Fund under The Land Titles Act, 10 Edward VII., cap. 61	80,000	00
“ Government House Property, Sale of	80,000	00
“ Sundry Insurance Companies, fire loss, Parlia- ment Buildings	138,968	04
		<hr/>
	\$15,769,119	30

PAYMENTS.**Consolidated Revenue Fund:**

For Civil Government	565,527	36
“ Legislation	249,511	29
“ Administration of Justice	659,414	74
“ Education	1,700,797	48
“ Public Institutions Maintenance....	1,076,042	35
“ Central Prison Industries	54,977	23
“ Colonization and Immigration	75,196	57
“ Agriculture	621,514	94

For Stationary Engineers	5,969 69	
" Hospitals and Charities	352,834 86	
" Repairs and Maintenance	113,216 87	
" Colonization Roads	452,745 33	
" Charges, Crown Lands	569,507 50	
" Refunds	62,438 36	
" Miscellaneous Services	300,201 15	
		6,859,895 72
" Commutation Volunteer Veterans' Land Grants		2,050 00

Open Accounts:

For Hospitals for Insane	112,274 62	
" Reformatory for Females	4,753 19	
" Central Prison, Toronto	2,648 51	
" Osgoode Hall	12,447 01	
" Normal Schools	22,286 20	
" Ontario Government Building, Lon- don, Eng.	2,000 00	
" Agricultural College	2,904 31	
" Fruit Experimental Station	393 48	
" Immigration House	445 71	
" Winter Fair Building, Guelph	1,000 00	
" Deaf and Dumb Institute, Belleville	2,802 99	
" Blind Institute, Brantford	9,747 37	
" Hygienic Institute, London	6,898 15	
" Eastern Dairy School	3,492 23	
" Children's Shelter	803 23	
" Districts of Muskoka, etc.	43,716 39	
" Public Works	144,508 74	
" Drainage Works	10,300 00	
" Special Warrants	31,641 98	
" Stationery Accounts, excess of pur- chases over distribution	849 36	
" Statutory Expenditure	686,043 32	
" Common School Lands	4,558 94	
" Criminal Investigations	2,670 51	
" Railway Aid Certificates	138,412 94	
" Annuities	102,900 00	
" Interest, Charges on Ontario Govern- ment Bonds and Stock (5 Edw. VII., cap. 2, and 6 Edw. VII., cap. 4), \$3,000,000.00 Loan	105,006 34	
" Interest, Charges and Sinking Fund on Ontario Government Inscribed Stock (5 Edw. VII., cap. 2 and 3), £1,200,000 Loan	235,301 08	
" Interest, Charges and Sinking Fund on Ontario Government Inscribed Stock (8 Edw. VII., cap. 11 and 12), £820,000 Loan	180,882 94	

For Interest, Charges on Ontario Govern- ment Bonds and Stock (5 Edw. VII., cap. 2 and 3), \$1,150,000.00 Loan	46,010 26	
“ Interest on Ontario Government Bonds and Stock (8 Edw. VII., cap. 12, and 9 Edw. VII., cap. 8), \$3,500,000.00 Loan	107,874 57	2,025,574 37
Total Expenditure		8,887,520 09

For Drainage Debentures, Municipal (stat- utory)	67,136 74	
“ Drainage Debentures, Tile (statu- tory)	7,100 00	
“ Advanced to the Temiskaming and Northern Ontario Railway (statu- tory)	785,000 00	
“ Good Roads (statutory)	150,316 18	
“ New Government House	90,670 50	
“ New Provincial Prison	174,528 87	
“ Osgoode Hall, addition to Centre building	28,047 39	
“ Parliament Buildings, west wing...	149,520 65	
“ Parliament Buildings, addition to...	121,232 44	
“ Advanced to Hydro-Electric Com- mission during fiscal year ended October 31st, 1910: Expended on Niagara Power Transmission Lines	2,100,547 70	
Expended on Port Ar- thur Transmission Lines	29,909 08	
	<u>2,130,456 78</u>	
		<u>3,704,009 55</u>

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

Amount at Special Deposit, 31st October, 1910	3,032,000 00	
Amount at Current Account, 31st October, 1910	145,589 66	3,177,589 66
		<u>\$15,769,119 30</u>

ESTIMATED RECEIPTS FISCAL YEAR ENDING OCTOBER 31ST,
1911, INCLUDING CASH BALANCES ON HAND
31ST OCTOBER, 1910.

Subsidy	\$2,128,772 08
Interest on Common School Funds held by the Dominion	\$75,000 00
Interest on Investments	100,000 00
	<hr/>
	175,000 00

LANDS, FORESTS AND MINES DEPARTMENT:

Lands and Forests:

Timber Dues, Bonus, Ground Rent, etc. ..	\$1,900,000 00
Crown Lands	100,000 00
	<hr/>
	2,000,000 00

Mines:

Royalties	\$230,000 00
Supplementary Revenue	130,000 00
License Fees, Record- ing Fees, etc.	160,000 00
Mining Lands	75,000 00
Miscellaneous	5,000 00
	<hr/>
	600,000 00

2,600,000 00

Public Institutions	174,000 00
Education Department	44,000 00
Provincial Secretary's Department	200,000 00
Agriculture and Stationary Engineers	120,000 00
Casual Revenue	100,000 00
Succession Duties	700,000 00
Supplementary Revenue Tax (8 Edw. VII., cap. 14)	750,000 00
Tavern and Brewers' Licenses	500,000 00
Law Stamps	100,000 00
Game and Fisheries	125,000 00
Estimated Earnings, T. & N. O. Ry.	500,000 00

Total Estimated Receipts	\$8,216,772 08
Cash Balances, 31st October, 1910	3,177,589 66

Total\$11,394,361 74

ESTIMATED EXPENDITURE FISCAL YEAR ENDING OCTOBER
31ST, 1911.

Civil Government	\$649,362 50
Legislation	298,750 00
Administration of Justice	732,714 15
Education	1,825,871 96
Public Institutions Maintenance	1,264,778 00
Agriculture	674,904 56
Colonization and Immigration	100,080 70
Stationary Engineers	6,050 00
Hospitals and Charities	358,500 00
Repairs and Maintenance	132,634 25
Public Buildings	345,659 19
Public Works	69,700 00
Colonization Roads	118,000 00
Charges Crown Lands	654,350 00
Refunds	82,385 85
Miscellaneous	324,146 77
	<hr/>
	\$7,637,887 93

Capital:

Hydro-Electric Power Commission:

Niagara Transmission Line	1,300,000 00
Port Arthur Transmission Line	30,000 00
New Central Prison	150,000 00
Osgoode Hall	80,400 00
New Government House	150,000 00
Parliament Buildings, west wing	400,000 00
Parliament Buildings, addition.....	370,000 00
Provincial Museum	50,000 00
New Veterinary College	25,000 00
Farm and Buildings, Brockville	35,000 00
Electric Installations at Hamilton, London, Mimico and Guelph	54,500 00
	<hr/>
	\$10,282,787 93

(Capital Account, \$2,644,900.00.)

NOTE.—For the financial year 1910-11 further special votes for Colonization Roads, and other works, are omitted and will be voted in the Further Supplementary Estimates for the year 1910-11.

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>For'd</i>	2,629,845 86	1,795,550 00
			1930	137,713 34	50,700 00
1910	.....	51,450 00	1931	134,215 34	43,700 00
1911	138,412 94	102,900 00	1932	127,219 34	32,700 00
1912	138,412 94	102,900 00	1933	124,420 94	28,700 00
1913	138,412 94	102,900 00	1934	122,322 14	28,700 00
1914	138,412 94	102,900 00	1935	110,428 94	24,700 00
1915	138,412 94	102,900 00	1936	104,390 41	16,700 00
1916	138,412 94	102,900 00	1937	93,760 20	9,200 00
1917	138,412 94	102,900 00	1938	90,262 20	2,850 00
1918	138,412 94	102,900 00	1939	85,422 75	.....
1919	138,412 94	102,900 00	1940	81,539 42	.....
1920	138,412 94	102,900 00	1941	67,244 15	.....
1921	138,412 94	102,900 00	1942	31,118 80	.....
1922	138,412 94	102,900 00	1943	24,220 91	.....
1923	138,412 94	102,900 00	1944	21,995 48	.....
1924	138,412 94	96,200 00	1945	17,552 26	.....
1925	138,412 94	82,500 00	1946	17,552 26	....
1926	138,412 94	69,350 00	1947	17,552 26	....
1927	138,412 94	56,950 00	1948	17,552 26	.....
1928	138,412 94	50,700 00	1949	6,171 66	.....
1929	138,412 94	50,700 00	.....	.....	.....
<i>Fr'd</i>	2,629,845 86	1,795,550 00	<i>Totals</i>	4,062,500 92	2,033,500 00

NOTE.—Present value of Railway Certificates, October 31st, 1910 (interest $1\frac{3}{4}$ per cent. half yearly) \$2,534,340.29
 Present value of Annuities, October 31st, 1910 (interest $1\frac{3}{4}$ per cent. half yearly) \$1,455,276.45

