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Financial Statement

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OF

The HON. I. B. LUCAS

ACTING-TREASURER OF THE PROVINCE OF ONTARIO

Delivered on the 7th March, 1912

IN THE

LEGISLATIVE ASSEMBLY OF ONTARIO

On moving the House into Committee of Supply

PRINTED BY ORDER OF
THE LEGISLATIVE ASSEMBLY OF ONTARIO



TORONTO :

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BUDGET SPEECH
DELIVERED BY
HON. I. B. LUCAS

ACTING PROVINCIAL TREASURER

7th MARCH, 1912

MR. SPEAKER: I am sure the House regrets the unfortunate illness of the honourable the Provincial Treasurer, which renders it impossible for him this year to make his usual budget speech. The honourable the Provincial Treasurer through his long experience as financial critic in this House—as Opposition critic—and during the last seven years as Treasurer, has become exceedingly familiar with every phase of Provincial finance, and his clear and concise annual statement each session has been looked forward to with interest by the members of the House. I know that the members generally, and that the people of the Province to whom his service was so intelligently and faithfully given, join me in the hope that at an early date—before the end of the session—he will so far have regained his health as to be able to again be in the House and take up his work as Treasurer of this Province.

Under our Parliamentary procedure it has been the practice for the Treasurer when rising to move, Mr. Speaker, that you do now leave the chair and the House resolve into Committee of Supply, to more or less fully review the financial operations of the past year, and in a general way to take stock of the financial position of the Province. This practice, no doubt, had its origin in, and is based on the sound constitutional principle that before the Government of the day submitted their estimates and asked Parliament for supply

they should give an account of the expenditure of the previous supply bill. This practice has been slightly departed from this year. In any case there is not the same necessity for that practice to be as strictly observed as at one time. The public accounts now give us full details of that expenditure, they give us details which at one time it was left to the Provincial Treasurer to give in his budget speech. I hope this afternoon in the presentation of the financial statement to follow generally the lines taken by the Provincial Treasurer in his speeches to this House. I realize, however, perhaps more fully than the members of this House yet realize, how hopeless is the task for me to follow him, even within reasonable distance, in comprehensiveness or lucidity of statement. I propose therefore following the lines taken by the Provincial Treasurer, first: to place before the House a statement showing the actual cash receipts for the previous year, in this case the year ending October 31st, 1911, and then compare these with the estimates as well as with the receipts in former years under this and other Governments. Having presented that statement—second, to present a statement of the expenditures, making similar comparisons with the estimated and past expenditure and such other comparisons as may seem necessary or desirable. And thirdly, to present the annual stock book and balance sheet which should show and does show the assets and liabilities of the province and where we stand in a financial way; and lastly, having reviewed the receipts and expenditures and having examined the balance sheet, submit the estimates for expenditures and receipts for the current year. Honourable gentlemen will find on their desks abstract statements setting out the particulars I have referred to and, to make time, I am simply presenting these statements and asking the House to take them as read. These will assist the honourable members in following any remarks or references I may have to make.

First then as to our revenues: our sources of revenue in the Province are such that we can with some degree of accuracy estimate what our revenue will be. In this they

differ to a considerable extent from the Dominion revenue. Their revenue, to a large extent, comes from customs and excise duties and from other sources that are dependent upon so many conditions, and circumstances, entirely beyond the control or even the influence of the finance minister, that a forecast as to Dominion revenue must necessarily be more or less a guess, as to the general conditions of trade in the country. But even Dominion finance ministers are human, past and present, and therefore, naturally, we find them indulging in some exhibitions of joy, some jubilations, when they are able to announce to the House and the country a buoyant revenue or an unexpected increase of revenue from this or that direction or source. But a Provincial Treasurer has greater reason to congratulate himself when he can make a similar announcement, because our sources of revenue are to a large extent fixed,—apart possibly from succession duties—and so the Provincial Treasurer has a right to point with some degree of pride and satisfaction to increasing Provincial revenues, particularly in the administrative departments of the Government, and point to them as some evidence that there is a good business administration, that the revenues to which the Province is legitimately entitled, are being collected and that between the source of revenue and the Provincial strong-box there is no leakage, no waste, and no barnacles. (Applause).

And so, sir, the members of the House will be glad to observe that the revenues are still increasing year by year. You will observe that the ordinary revenue—I use ordinary revenue as distinguished from the total revenue—the ordinary revenue of the Province for the year **C**just closed was \$9,370,833.90, the largest revenue in the history of the Province (Applause)—as shown by appended Statement—and \$479,829.22 more than in 1910, which, up to that time, was also the highest revenue in the history of the Province; and so in each year since 1905 when this Government came into power we have been going higher each year. The revenue has been increasing by very substan-

tial amounts each year until to-day after seven years of careful administration, proper collection of revenues, and taxation rightly placed, we have an ordinary revenue, as I have said, of \$9,370,833.90, or nearly, perhaps a little more, than double the average revenue of seven years ago. That is a record to which the Provincial Treasurer can reasonably point with some pride.

Honourable gentlemen opposite will seek in vain to find a single source of revenue that they are willing to challenge in this House, or a source of revenue that can be pointed to as any burden on the great masses of the people, or any undue burden on any class, interest, or corporation. And so, sir, we point with some satisfaction to these increased revenues. But my honourable friend from North Grey has a favorite expression, one we have heard over and over again in the House and the country; when he refers to these increased revenues, he says: "We dug the channels through which these revenues flow." While we must give the friends of honourable gentlemen opposite credit for doing something in the thirty-three years their party was in power, they didn't find much new revenue in that time. I have here a statement of the revenues of the Province from Confederation up to date. I am not going to read the full statement, but just make a reference or two to make clear my point. I find that in 1874 there was a revenue of \$3,446,347.93. Then jump for twenty years and you will find the revenue was \$3,453,162.69, or an increase in the revenue in twenty years of about \$7,000. From 1894 you can go on to 1901. They had got beyond the four-million mark in receipts, finally reaching in their last year in office, 1904, total receipts of \$4,464,100.26, excluding the special lumber bonus sale of that year; in other words, during the thirty years the revenue fluctuated between \$3,500,000 and \$4,464,000. During all that thirty years the increase in the revenue was as I have indicated. Whatever meaning and whatever inferences may be drawn from it, the fact is clear that for the thirty years the old Government was in power the revenues increased at an exceedingly slow rate. On the other hand, for some reason,

the revenues have very substantially increased, practically doubled, in seven years under this Government. And now, as to the familiar argument that we have heard on the hustings and in the House, that honourable gentleman opposite or their political friends dug the channels through which these increased revenues flow; even as to the old channels, some we found in bad shape; they needed repairs; we deepened them, we widened them, we cleaned them out. But, as I hope to show, we did more, we dug entirely new ones for which the honourable gentlemen can claim no credit for themselves or their party.

But passing on to deal with these increased revenues in the statement before you. With one or two exceptions every item of the ordinary receipts for the past year was in excess of the estimates. In other words we received more money from nearly every Department than we expected or estimated that we would receive. On looking at the parallel column, you will see that the expenditures were in each case within the estimate. The receipts were more than we expected, the expenses were less, and we closed the year, as you observe, with a very comfortable hard cash balance of \$1,503,916.99 in the banks.

You will observe that from the Dominion of Canada a subsidy of \$2,261,758.28 was received. Prior to 1906 the annual payment of subsidy by the Dominion Government to the Province had been at the rate of 80 cents per head on the census of 1861, the population then being fixed. We were paid from 1867 to 1907 on a population as fixed in 1861; the payments on that basis continued until 1907. One of the first matters to which the new Government addressed themselves in 1905 was to press upon the Government at Ottawa the desirability and the fairness and the justness of an increased subsidy from the Dominion treasury, and as a result of the conference of the Provincial Premiers in Ottawa in 1906, an increased subsidy was granted, based on the 1901 population. Our population had then increased to 2,182,947. Under the old arrangement we received \$80,000 per year for government purposes; that was increased to the sum of \$240,000 per year.

The Act now governing and fixing our subsidies is as follows: "Where the population exceeds 1,500,000, a special grant for local purposes and the support of government \$240,000, the subsidy on population to be 80 cents per head until such population exceeds 2,500,000, and 60 cents per head for so much of population as may exceed 2,500,000." Our 1911 census puts us beyond that, and so on the excess of 2,500,000, we only receive 60 cents per head. The total subsidy, as you will observe, was some \$132,986.20 more than our estimated subsidy, that being the additional amount paid by the Dominion for a half a year on the census of 1911 rather than that of 1901.

The second item: You will observe, that from interest, actual receipts were \$132,284. This is less than the amount the Treasurer estimated he would receive. The interest item comes largely from bank deposits. The capital money on deposit in the bank at the beginning of the year was the basis on which the estimate of receipts was made. The capital expenditures were made faster than the Treasurer estimated, diminishing the bank balance faster and earlier than was expected. That explains the shortage in the interest item from the amount estimated.

The next item—running down the detailed list—is from Crown Lands. This, of course, is our leading source of revenue, and from that source we have \$2,710,242.68. That also is in excess of the estimate made by the Provincial Treasurer a year ago by some \$110,000. The increases over the estimate were in two branches; royalties, that is, royalties on mines or mining properties sold by this Government, were estimated at \$230,000, while the receipts were \$285,000, an increase over the estimate of \$55,000. That is a new source of revenue. That is a source of revenue which the honourable gentlemen opposite did not find for the Province of Ontario. We have received from that particular source—not a dollar of which would have reached the Treasury had the policy of this Government not been adopted—\$1,323,693.20. That does not include other royalties payable directly to the Temiskaming and

Northern Ontario Railway. These are royalties received directly by the Province and not indirectly through the T. & N. O. Honourable gentlemen on the opposite side may think, and the House may think, "Well, this was a fortunate circumstance, the great mining and Cobalt industries were developed since you came into power, and so you have these revenues." But not so, Sir, there came to the old Government an opportunity that never came to this Government to increase the revenue from that source. It seems to me that the greatest opportunity, a clear, plain opportunity and corresponding duty, came to the old government to increase the revenues from that source, but they failed to take advantage of this opportunity, or as I see it, perform their duty. Honourable members will recall that in 1903, when the silver discoveries were made at Cobalt, the T. & N. O. was being built there, the Provincial railway, lands on each side of which had been specially set aside, the revenue from which was supposed to defray to some extent the building of that road. The discovery of a highly-mineralized section of land in the Township of Coleman was made in 1903. Only a few claims were located when an officer of the Government, Professor Miller, went up into that country and made a report which appears in the blue books of the Province, in which he pointed out to the Government of the day the highly-mineralized section of the country in the immediate vicinity of what was afterwards Cobalt. He pointed out the desirability of withdrawing these lands from prospecting or locating until some policy could be adopted, that would bring to the Province of Ontario a share of the profits in this great discovery, a discovery made by the projection of our own railway into that country. The Government had the information, they were properly advised; they did nothing. They got a report by Professor Miller which advised the withdrawal of these lands from location until some policy could be adopted. They started right, they withdrew the lands from location and from prospecting until they could, as the order says, adopt some Provincial policy. They kept everybody out for six months; no prospectors were allowed in and no claims

were located, but at the end of six months, without a word of explanation, without adopting any policy from which the Province could derive one dollar of revenue, they threw it open again and we got nothing, and the men who went there and took up these Government lands are the Cobalt millionaires of to-day, without contributing any fair sum to the Public Revenues.

When we came in in 1905 there were only a few shreds and patches left, but as to these we adopted a policy of selling upon a royalty basis, without which not one dollar would have been received by the Province from the sale of Cobalt Lake, Kerr Lake and other claims disposed of by the Government. We adopted the policy of selling by competition, and so, Sir, we have \$1,323,693.20 as a revenue that has come to this Province for which neither the honourable gentlemen opposite nor their predecessors in office are entitled to any credit so far as adopting any policy is concerned, but rather should be censured for having failed to increase the revenues of the Province. Some idea of what might have been done had they lived up to their opportunities at that time can be grasped when I tell you the Cobalt Camp produced for 1911, \$16,500,000, and when I tell you the total to December 31st was \$64,918,752.

Passing on from royalties, which, as I have stated, were an increase of \$55,000 on our estimate, we come to Supplementary Revenue, being acreage tax, profit tax and gas tax; receipts were estimated at \$130,000, while the actual receipts were \$209,000, an increase of \$79,000, a total over the estimate for these two branches of \$134,000.

You will observe from Woods and Forests, including the bonus we received \$1,711,438.87. This was less, about \$110,000 less, than the estimate, for reasons which I will point out later. You will observe that in the Woods and Forests item there are four heads under which the revenue comes to the Province, bonus, timber dues, ground rent and transfer fees. Every member of the House, I assume, is familiar with the change that was brought about by this government in 1905 with reference to the sale of timber limits. Under the former system,

so much territory was put up and you bought it subject to timber dues at so much bonus per square mile. Under the present system, a bonus is paid on the measurement, and on every foot of timber cut by the licensee he pays a bonus. There are obvious advantages under the latter method. I do not propose to argue it at length now. The former system allowed timber limits to be tied up for an indefinite period. The present system requires licenses to be issued for a definite period after which no further renewals will be given, and the territory will revert to the Crown. From a business standpoint that mode of selling timber has many features which would commend themselves to the judgment of any business man who had large timber limits to dispose of. The old method had advantages from a political standpoint. In the old days, when deficits were in sight and money was urgently needed, the old system was a grand stand-by. It was perfectly easy to call a timber limit sale, offer it at so much per square mile, capitalize your dues to get them paid at once, and then announce with a great deal of unction, "Here we are again, boys, with another surplus."

Now we only get the bonus as part of the timber dues, we only get the bonus when and as the timber is cut. The old Government for instance, for the last two years that they were in power, in 1903 and 1904, received, in 1903, \$1,340,696 by the selling of timber limits in cash. In the last year they received \$1,664,258, so that in the last two years of their government they received over \$3,000,000 by this beautiful system of selling timber limits whenever you want some money. This Government, although the revenues have increased, has lost to a large extent that source of revenue. Take the last five years to get an average. In the last five years of power the old government received \$4,440,000, or an average each year for five years of \$880,000 as timber bonuses. This government during the last five years has received \$1,057,799.81, an average of \$211,559.96. In other words, the old Government received four times as much from bonus on sale of timber limits per year as we did. Taking their last two years from timber

bonus receipts they collected more in two years than this Government, taking the average for the past five years, would collect in fifteen years. So, Sir, you see how that would work out. If you deduct that timber bonus from the revenues of the old government during the last year of office, or any year, you will find a deficit in each year. Take their last five years and deduct these timber bonuses, and you will have a deficit of \$2,449,593. But, Sir, if you deduct every dollar of timber bonus this government has received, it still has a nice, sound little surplus of ordinary receipts over ordinary expenditures.

Sir James Whitney, prior to taking office, and referring to these annual deficits and the beautiful way they had of meeting them and of the starved public services, said:

“With her extensive resources, the problem of the Provincial finances can be easily solved leaving the way cleared for such increased expenditures on Agriculture and Education as may be found necessary and desirable, and the result can be arrived at without periodically selling timber limits, or in other words, capital stock, to cover up an anticipated deficit caused by the excess of annual expenditure over annual income.”

Sir James has proved himself a safe and sane financial prophet. We have increased the expenditures, we have got the revenue, and we have got a surplus without taking one dollar of bonus from timber sales, and I say we have done all this after giving immensely increased grants to education, agriculture, for the development of New Ontario, for good roads, hospitals for the insane, and cash back to the municipalities from railway taxation, and closed—taking in the legitimate bonus that we are entitled to receive as the timber is cut and not discounting the future—after seven years, with a surplus of \$1,388,775.87 of ordinary revenue over ordinary expenditures. (Applause).

Leaving Woods, Forests and Mines, and coming to the next item, you will find Licenses. The license revenue from Taverns and Brewers exceeded the estimate by \$156,000. This is partly accounted for, mainly accounted for, by the new tax

of five per cent. on bar receipts. For five months that tax amounted to \$118,891.71, so that it would look as if that tax would produce a revenue of \$250,000 to \$300,000 a year on its present basis. The total amount of revenue from this source was \$656,363.66. As you will observe, this is a very large increase during recent years.

Similar items you will find running down the list; Law Stamps exceeded the estimate by \$4,000,—more litigation in the country, I suppose; Educational revenue, a slight falling off,—this is not a revenue producing department; Game and Fisheries; this is a distinctly administrative department and shows a small increase of \$5,000, the total revenue being \$130,267.39. Then the Provincial Secretary's Department, which shows very marked increases of revenue this year, as it has in former years. This is to some extent the result of good administration in the Department, and is an evidence of the general prosperity throughout the Province.

Then to come to the Supplementary Revenue Act, which has an increase, producing \$854,659.91, an increase of \$100,000 over the amount estimated. Changes have been made in that Act which is producing and will continue to produce increased revenues for the Province. Last year, as the members of the House remember, a tax was imposed on the transfer of stock certificates of two cents on each \$100 par value consequent upon the change of ownership. This tax came into force on June 1st and in five months produced \$13,788.30. This is a source of revenue that is likely to grow and from which one would expect a substantial increase as the years go by. Then there is the tax on race meetings; this brought a revenue of \$15,790, the total amount received from Supplementary Revenue, as I have stated, being \$854,659.91.

Then coming to Succession Duties, we find a large increase there. If the House will permit me, I would like to refer to Succession Duties just a little in detail. It has become one of the most important branches of revenue in the Province. There is no better indication of the great growth of Ontario and the increased wealth of its residents than the receipts

from Succession Duties. This year, you will observe, the gross sum of \$1,013,902.52 has been received. This, I think, is the third year where the million mark has been passed in receipts. Of course, it is difficult to estimate the amount to be received from Succession Duties. The amount received is substantially more than was estimated by the Provincial Treasurer a year ago.

Just in passing, to correct some impressions that somebody sometimes sends out through the country. The mode of obtaining this revenue is not new to Ontario. For many years in the Old Country this has been a source of revenue. But, contrary to the impression sometimes given by honourable gentlemen opposite, this mode of obtaining money has met with approval. It has met with approval from both sides of the House from the beginning, except perhaps in one or two individual cases. This is a tax levied from the larger estates of persons who have amassed great wealth, at a time when it passes to individuals who have not been responsible in any way for the accumulation of such wealth, nor has the property been earned by those who take gratuitously and who suffer no privation or vexation through the levying of a small percentage of the estate before the passing to the recipients. There need be no justification made for the levying of a reasonable tax from such amassed wealth, which has been created under the benign protection of wise provincial and municipal laws and the protection of civil rights by the state.

The time for explaining the meaning of the succession duty tax has gone by, but honourable gentlemen opposite and their predecessors in office have frequently and wrongfully in this House taken credit for the introduction of the Succession Duty Act and the large amounts which have accrued to the Province under it. Of course, they introduced it, of course, they brought it into the House, but my honourable friend from Grey goes astray when he says that the House was not united on that matter. [I took the trouble to have some of the debates referred to, so that we might see just where the House was.] While they introduced it, as I have said, and while upon some

occasions, [those who will look up the debates will find] the Provincial Treasurer on more than one occasion offered strong criticism, it was more particularly directed against the modes of calculating the rate of duty and the mode of its collection than against the principle of this method of taxation, claiming that the provisions of the Act had been oppressive, that the rates were higher as to some classes of beneficiaries than those in Great Britain and further that the burden was on certain classes and not generally on the whole community. The Provincial Treasurer of to-day has vindicated his position as financial critic by bringing a far greater proportion of estates in the Province under the Succession Duty Act, while not oppressing the poorer estates, providing a low graduated tax of one to five per cent. on estates devolving on lineals, where the net value exceeds \$50,000 up to \$200,000. He has also vindicated his opposition to the rates in vogue prior to 1905, by placing on the Statutes the graduated additional tax which was then imposed upon the beneficiary according to the value of the benefits received.

Without delaying longer on that, let me draw your attention for a few moments to statements made by the Honourable Mr. Harcourt in introducing the Succession Duties Act of 1892 and the oft-repeated story that the Opposition of the day were opposed in principle to the Succession Duty Act. "Mr. Harcourt"—I am quoting from *The Globe*—"then moved the second reading of the Bill to provide for the payment of Succession duties in certain cases. He said there was no disagreement as to the abstract question of imposing such duties. The question here was new and had not been discussed, but in England it was an old and familiar principle."

Mr. Meredith, now Sir William Meredith, then leader of the Opposition, on the same occasion, after debating and discussing across the floor of the House the claim of the honourable gentlemen opposite that there was no need for taxation, that the Government had ample revenue without any additional scheme of taxation, closed his argument with this statement:

'If the honourable gentleman had, instead of addressing himself to the preamble of the bill to give colour to the argument which he had addressed to the House, addressed himself to prove the falsification of the prophecies of his colleagues against the approach of the day of direct taxation, he would have done more than he had effected to satisfy the people. The Government had gone to the country with the boast that direct taxation was generations away, they had a surplus of six and a half millions, inexhaustible timber resources, and so forth, and yet he had to confess that the charities of the Province could not be longer maintained unless special additional sources of revenue were created. The honourable gentleman did not need to go so far afield as Rome, Britain and foreign countries for illustrations to point the state of affairs. He could have got an illustration nearer home, in the Province of Quebec, where there was a bankrupt exchequer. *He wished to emphasize the admissions made by the Provincial Treasurer that he thought that since additional sources of revenue had become a necessity, the source proposed was perhaps one of the least objectionable which could be proposed.*'

And so another of those old traditions must pass away. We have seen the end of it. After this Government came into power in 1905, the Treasurer of this Province, for whom I speak to-day, vindicated, and I say vindicated successfully, his criticism of the unfairness of the tax and the lack of uniformity by readjusting the rates chargeable against lineal heirs, and in other respects giving us a broader and much improved scheme of taxation.

As honourable members of the House know, one-half of the succession duties based on the average receipts of the previous three years goes under the statute to Toronto University. During the recent campaign there was some criticism of this grant. We did not hear so much of it in the House as we did on the hustings. Coming back just now we have the ring that we heard on the hustings in our ears as to this grant. It is worth pointing out to honourable gentlemen, who,

I charitably assume, make their criticisms against this grant in moments of weakness—some things of which they may not be aware. Dealing with the argument, with which the honourable gentlemen opposite are familiar—that there is a large grant going to Toronto University to which the whole Province of Ontario is contributing—the inference being that it is excessively in proportion to the aid going to other parts—the honourable gentleman from Grey smiles, because he knows that argument—it is an old friend of his on the hustings. Where does the revenue originate? Looking at the County of York, including the City of Toronto where the University is located, we find that it has contributed nearly 43 per cent. of all the succession duties. In other words, if we were to base an argument on the narrow sectional ground that the Province should not give these large grants to the University and smaller grants to other places, if I were to make an argument on a similarly narrow basis I would point out that the City of Toronto, and the county, pays in hard cash 43 per cent. of the total succession duty revenue. Take my own county, where we are not worried about our succession duty taxes. I have the details here. We have paid from Grey County from 1892 to 1911, about two-fifths of one per cent. towards the succession duties of the Province. That is no reflection upon Grey, of course. It may be an evidence of more equal distribution of wealth. You never tax an estate going to the direct heirs unless it exceeds fifty thousand. I refer to this only to show the kind of answer that might be made.

We are not apologizing for our expenditures in connection with the University. On the other hand we are proud of putting that institution upon a sound financial basis. (Applause.)

Passing on then to the next item, going over all these items. There is the item of Casual Revenue. It was estimated at \$100,000, and the receipts were \$160,000. The Provincial Police produced a revenue of \$4,687, an increase of some \$2,000. Moving Pictures increased some \$2,000 by reason of a change in the license fee, the total amount received being

\$12,088. Private bills increased \$2,000, and other items such as fines, fees, etc., increased in proportion.

Then we come to the last item in the ordinary receipts, the T. and N. O. Railway, from earnings, \$515,000. These receipts might have been substantially increased. I have before me a statement showing the actual revenue earned during 1911 by the T. and N. O. Railway. The total earnings for the year over operating expenses and all other charges amount to \$593,152.69, although the Treasury receipts during the year are only the lump sum of \$515,000. That is indeed, a very satisfactory result from the T. & N. O. Railway. To review in two or three words, because I do not care to take the time to deal with the matter in detail, we have a total expenditure in connection with the T. & N. O., as you will notice on the first sheet of the statement of assets I have placed before you, a total investment of \$17,535,662.69 to the end of the year. To represent that we have the main line from North Bay to Cochrane, a distance of 252.8 miles, the Charlton branch, the Kerr Lake Branch, the Haileybury spur and the Porcupine branch, the four having a mileage of something over 41 miles. We have in addition to that the yards and sidings of the main and branch lines, and the Liskeard spur, a total of 85.49 miles, a total for the railway of 379, nearly 380 miles. And we have, as I have told you, a total earnings for the year over all cost of operation and other charges of \$593,152.69. In addition a percentage statement has been placed before me, which is interesting. The operating expenses this year amount to 66.4 per cent. of the gross earnings, and the net earnings, of course, is the balance, 33.6 per cent. as compared to the previous year with 73.2 per cent. representing the operating expenses, so that we have decreased the percentage of operating expenses by 7 per cent. and consequently have that much greater proportion of net earnings.

In addition more investments have recently been made. There is the Elk Lake branch. Tenders have been called for the construction of a branch line from Earleton to Elk Lake. The Nipissing Central Railway was purchased last June for

\$250,000 and we have net earnings from June 21, to the end of the financial year, of \$11,029.67, so that it is paying full interest on the capital investment and something more.

We have had some criticism from honourable gentlemen opposite as to the T. & N. O. Railway. I mean during the election. We never hear anything about it except during an election. I read, Sir, a passage in a newspaper where the people in the north country wanted reduced rates, where they wanted two cents a mile, and reduction in freight rates. Of course it is an easy and popular thing to have reduction in rates. We would like to have them everywhere. But this House, I think, ought to be unanimously behind the T. & N. O. Commission, in the management of this Railway as a business proposition. It is a great experiment in public ownership and in the interests of all the people. It should be managed on sound business principles. The chairman, Mr. Englehart, and his colleagues on the Commission, are doing splendid work, and their management of this road is the best "asset" public or government ownership has in Canada to-day.

MR. GAMEY: With regard to this \$515,000. Is that net earnings? Have you taken into account the interest on the bond issues?

HON. MR. LUCAS: Oh, no, that does not take account of interest. That net profit is the fund out of which the interest must come, and it is a very handsome profit for a new Railway, and compared with any other Government railway in Canada, the only other is the Intercolonial, and it has not even paid operating expenses—this road has a splendid record. It has paid general operating charges and expenses and has produced a revenue of \$593,000 net earnings for the year, to meet of course, the interest. So if my honourable friends were to have their hearts desire and the road placed under the Dominion Railway Board, and then ask for lower rates, the question of earnings would be the first principle. The Board would, as they did the other day in the Yukon Railway Case, take the position that no Government controlling body should compel a Railway to reduce rates below that point where they

could pay over and above operating expenses a reasonable dividend upon the actual capital invested. Dividends upon watered stock is a different matter. The T. & N. O. Railway is not yet paying the full interest on the capital investment. We hope as trade develops and the country opens up, that it will. But if these people could go before the Dominion Railway Board now with a grievance as to high rates, to get lower passenger rates, they could not hope to succeed in getting any reduced rates in that way.

SIR JAMES WHITNEY: And then there is the arrangement for running rights with the Grand Trunk.

HON. MR. LUCAS: Yes, as the Premier has pointed out. The House is fairly familiar with the statement of the Premier that the T. & N. O. have entered into an agreement with the Grand Trunk to give the Grand Trunk running rights and rights at the North Bay terminal. These running rights are over the main line between North Bay and Cochrane. The agreement does not touch the branch lines. The agreement gives the T. & N. O. \$300,000 a year, which is estimated to meet one-half the interest on the whole capital expenditure.

MR. ROWELL: Does that revenue of the T. & N. O. include royalties? If so, how much?

HON. MR. LUCAS: Yes, that includes royalties. The \$593,000 includes royalties last year of \$17,060. That goes into the general receipts.

MR. ROWELL: Does it also include proceeds from the sale of land? If so, how much?

HON. MR. LUCAS: Perhaps I can give the figures. The revenue from transportation was \$1,708,492.02. Revenue other than transportation—I think I have that here and can give it to the honourable gentleman. Yes; from the sale of town sites there was received \$13,990, that I assume is also in the total revenue of \$593,000, but am not at the moment certain. That may be, and I rather think is additional revenue.

But the point I am making is this, that we are still in the initial stages of that railway, and at any rate for the present,

until we have net receipts of \$600,000 or whatever is required to pay the interest on the capital cost, there would be no reduced rates under any ruling or principle as yet laid down by the Dominion Railway Board.

Passing on from the T. & N. O. Railway, honourable gentlemen will observe from the statement that we have had some receipts on capital account. You will see that the statement distinguishes, as I think any statement ought to distinguish, between ordinary receipts and receipts on capital account. For instance, if we desire to place a clear statement before the House, we should not include in the ordinary receipts, a payment from Drainage Debentures, nor on the other hand, moneys paid out for Drainage Debentures. These and similar items now go into capital receipts and capital expenditures, so that we have a statement clear and intelligent to follow.

We have invested during the year in Drainage Debentures \$56,000 and received \$20,000. From Municipal Sinking Funds we have received \$30,179. Honourable gentlemen are familiar with the legislation which provides that where a municipality desires to raise a sinking fund to meet the debentures it may pay the money in to the Government and receive interest at four per cent. It is found to be a satisfactory form of investment for municipalities for their sinking funds.

We have placed loans this year—I do not need to deal with them. There was the Algonquin Park loan, authorized for \$500,000, to buy the Algonquin Park Licenses; we issued only \$290,000 of this. We sold it at 102 and accrued interest, and the Government received over all costs of advertising, brokerage, engraving, and everything else, a bonus of \$2,989.44, showing a very satisfactory disposal of the loan.

We also placed an English loan of £500,000, the proceeds of which were \$2,387,805.64, upon similar terms to those of the £820,000 loan issued in 1909.

MR. ROWELL: What was the rate of interest?

HON. MR. LUCAS: The Algonquin Park Loan—that is a four per cent. loan. The English loan issued at 101 is also a four per cent., selling, I might add, to-day at 103.

Then you have the Assurance Fund under The Land Titles Act; under that heading we received \$30,000. Out of that fund we are building the addition to Osgoode Hall. That money bears interest at $2\frac{1}{2}$ per cent., which the Province is paying.

The last item included in capital receipts is from the sale of the Central Prison and Toronto Asylum properties. In the statements of the Provincial Treasurer, he has never included such things as public buildings in the statements of the assets of the Province, and so here we find a cash receipt of \$89,840 from the sale of Central Prison and Toronto Asylum properties, which we sold, I think, for \$1,025,000, which will largely meet the proposed expenditure the Provincial Secretary has in sight for similar buildings.

I now come to the expenditures for the past year, amounting to \$9,619,934.03.

This total it will be observed is \$249,100.13 more than the ordinary receipts. This shortage, however, is apparent rather than real and may be explained in this way. A little earlier in my remarks, when we were dealing with the T. & N. O. Railway, I said that while we have paid the full interest, and while the proper item to come to us was the total net earnings, yet we have only put in the receipts \$515,000, because the Commission had only paid over to us that amount and there was \$78,000 from the T. & N. O. properly applicable to the ordinary receipts of the year. That is so clear that it only needs to be stated to be accepted. Taking that \$78,000 not paid over because the accounts were not fully adjusted to the end of the year, add it to the item for timber dues,—the system of keeping accounts, I might explain, leaves a period of about eighteen days after the close of the fiscal year when the books are held open for payments, but closed for receipts, whereas it seems to me that you ought to include the receipts for those eighteen days. The statement of expenditures which

I have given you includes the fiscal year and eighteen days subsequent to it, so we should also include the revenue for that time. Therefore, we might include the amounts received on the 8th and 10th November from Crown Lands on timber dues of \$273,648.28. This balance item from the T. & N. O. of \$78,000, earned but not paid, and the items for timber dues which came in during the eighteen days, the two together make, without anything else, \$351,648.28, or an actual surplus of \$102,548.15 for the year.

HON. MR. MACKAY: Were the expenditures within that eighteen days, were they not expenditures for the fiscal year before but paid afterwards? Were they not expenditures incurred in the fiscal year and therefore properly belonging to that year?

HON. MR. LUCAS: The point is that the T. & N. O. had earnings of \$78,000 in excess of what we actually received, that should have come in. The timber dues were money that we received during that time and were dues on timber cut during the fiscal year and properly ought to have been included with last year's receipts.

But the particular point is perhaps a book-keeping proposition. The important question is, "How have we been running on the average? Where are we standing after seven years?" I find that for the seven years we have had an average annual surplus of ordinary revenue over ordinary expenditure of \$198,396.55. That is very satisfactory.

MR. ROWELL: Did the same thing apply to the closing of the accounts a year ago as applies in the present case?

HON. MR. LUCAS: As to receipts from timber sales, I am unable at the moment to say.

MR. ROWELL: Was any revenue taken in last year, or has the system been the same for the two years?

HON. MR. LUCAS: I think every year some of the revenue is taken in for the eighteen days, and I think, perhaps, it has been usual to take in the Crown Land timber revenues, but I am not certain as to that.

Passing on to our ordinary expenditures. These have been in nearly every instance within the estimates in every Department.

Railway Tax Distribution to the Municipalities: we paid from this source, \$83,402.54. Since the Act came into force we have paid \$411,000 in cash back to the municipalities. We, of course, have made our payments to the University and provided also for our capital expenditures. Passing on without dealing with all these details, we come to the large item of Education; you will see the item of \$1,885,739.57. While that is an increased amount, it does not include all our educational grants. During the past year there has been spent for education—education in all its branches, not including the agricultural college, a total of \$2,374,314.80, that has been spent by this Province for educational purposes during the past year. This is a very large expenditure, and it has been a growing expenditure—one of the items of expenditure that has grown very largely under this Government. The old Government in 1904 spent in all on education less than \$1,000,000, while our expenditure last year was, as I have said, \$2,374,314.80. Their highest expenditure never reached the million mark, so you can see where part of the increased revenue is going. It is a large expenditure but we believe a justifiable one. If we are building for the future we must not only grow in population, wealth and material development, but we must grow in those qualities of mind and heart that make for good citizenship, and the greatest responsibility that rests upon this or any Government in Ontario to-day is the education of the 700,000 boys and girls in the schools and universities of the country upon whose mental and moral equipment the future of this country will largely depend. If we are to live up to our responsibilities in this Province of Ontario this large educational expenditure will continue.

We are apparently on the eve of great development in this vast country. We have been criticized by the honourable gentlemen because we have not rushed settlers into the north during the past few years. We have heard a lot about it

since the new leader came in with his brand new policy. It is a habit new leaders have; we are growing accustomed to it in this House. What have we done? As my honourable friend on the right (Hon. Mr. Hearst) has pointed out, we have with great energy pressed forward the construction of the T. & N. O. Railway at a cost of over \$17,000,000, until it has made connection with the Transcontinental Railway, which will soon be running trains East and West through the great clay belt. How could we have rushed settlement until there was railway communication? It was impossible, and if it had been possible it would have been a huge mistake. The time has now arrived, with the Transcontinental Railway about completed through that territory, with our own road connecting, when we can go forward and open up that country intelligently and successfully; and as you know the Government proposes to ask the House to appropriate a large sum of money to enable us to do so. We believe settlers can now go into that country under circumstances that will render success certain. There will be railways, there will be the roads, there will be the markets for everything they can raise, and the pulpwood, of which there is an enormous quantity, can be sold at good prices. The future will justify us in the policy we have pursued in hastening slowly in the development of that great northland.

We believe the Government at Ottawa is going to give us aid for agriculture, for good roads and in other directions. We believe that we will receive liberal justice from the Government at Ottawa, and that these grants will materially assist us in pursuing the policy we are launching out with in New Ontario.

And, Sir, if I may be permitted to say one word of warning to the able and energetic, enthusiastic and optimistic band of men who represent that great north country in this House—all of whom I believe sit on this side of the House—

MR. ROWELL: What about the man on this side? We have one good man.

HON. MR. LUCAS: He is the exception that proves the general rule. There must always be one exception. If I were to

say one word of caution to them and to this House, it would be this: Let there be no mad rush for settlers in that country, that "quality rather than quantity," should be the motto for the development of New Ontario. You want settlers in New Ontario. We want to see New Ontario developed. We in Old Ontario want the citizens. The strength and test of the true development of that country will not be the number of settlers but the class of citizenship you fill up that country with.

We have been doing much for that country; we have been doing a great deal. Honourable gentlemen opposite say that they are very sympathetic with that new country and complain about what we have done. Honourable gentlemen, in that respect, when we think of their performances and their professions, remind me of a verse I heard once. It was spoken by a parishioner to a sporting parson who did not live up to his professions:

"If us do as you say,
Us go to heaven straightaway;
But if us do as you do,
Us go to the other place, you too."

And so I say to my honourable friends opposite. In opposition, your professions of love for New Ontario are beautiful, your theories and sympathies now are splendid, but in office your practices were abominable. Why, Sir, you gave for colonization roads, in 1904, \$175,000. We gave \$451,000 last year. The last year you were in office you gave for public buildings, the highest you ever gave, \$58,000; while we gave last year, \$134,000. For education you gave \$58,000, we gave \$159,000. For agriculture you gave \$9,000, we gave \$26,000. For hospitals and charities you gave \$9,000, and we gave \$41,000. For the enforcement of the liquor license laws, you gave not a dollar, we gave \$10,000. And so on throughout the list of expenditures.

But sir, we have not only been paying our way out of our ordinary receipts, but we have been paying off some liabilities, and when we pay off a liability we do so out of ordinary receipts and charge it up as an ordinary expenditure.

The amount of direct liabilities paid off during the year amounted to \$158,388.19. I refer to the present value of the railway aid certificates, \$90,409.79. You remember the way our honourable friends opposite used to pay off these railway aid certificates. When one came due, they issued a new one covering a period of forty years, and like the farmer who always paid his notes by giving new ones, thanked goodness that that debt was out of the way. We pay them in cash, charge them up as an item of ordinary expenditure, and yet are able to run along and show a surplus. We paid into sinking fund on account of English loans, \$55,283.90 last year, so that we have paid in all \$158,000 on account of liabilities. Our ordinary expenditure this year has increased over last year. We have increases in many directions. We have an increase of \$184,000 on education this year over last year, an increase in the maintenance of public institutions of \$121,684, an increase on colonization and immigration of \$31,000, an increase on agriculture of \$58,000, hospitals for the insane an increase of \$58,000. Then there is the increase for Government Buildings for assisting immigration, an increase of \$17,000. Interest on loans, an increase of \$88,000, and so on. But then we have been borrowing money. We have heard of it recently, we have heard of it often. We have been creating a debt. That is true. The statement before you shows plainly and exactly the total amount of the debt of the Province. I do not intend to deal with it at any greater length now. But, Mr. Speaker, our good friends opposite protest against the "large and growing expenditure"—I believe that is the orthodox way to put it. Will they tell us what they protest against? Our honourable friends might give us some details. They have been sitting in the House for the past seven years, yet they have failed to give any details! Is it the grant for education or any part of it they protest against, or is it the grant for agriculture? Is it the grant for colonization roads? or perhaps it is the grant for the general development of New Ontario? Is it the grant for hospitals or for asylums? There is an increasing expenditure on all these. Is it

the payment back to the municipalities in hard cash out of the railway taxation they object to? All these are ordinary expenditures. Do they protest against the Hydro-Electric expenditure? Honourable gentlemen must be specific in their objections to the "large and growing expenditures." (Applause).

Of all the expenditures for the past years that we have dealt with, they have not challenged, upon the floor of the House, more than two or three hundred dollars, and that **only** in a very feeble and apologetic manner. What do we find? We find honourable gentlemen opposite almost every day in the estimates abusing the Government because they do **not** launch out in some new line of expenditure. So far as **we** hear these protests, they are not against the spending of money, because they do not challenge the item of expenditure on the floor of the House—perhaps some of their friends might suffer. They are all the time waiting on us with deputations wanting more expenditure. They complain bitterly because we are **not** spending sufficient money on some fad that appeals to honourable gentlemen opposite. And the complaint, or the **chief** complaint, Mr. Speaker, concerning our expenditures is **not** that we are spending where we should not, but rather **when** we come to details the opposite—my honourable friends opposite are hard to please. They object to the total; it is too **great** an expenditure. They object to its detail; not because it **is** too great an expenditure, but because it is not great enough. They forget the whole is made up of the parts.

But, Mr. Speaker, I must not dwell longer upon the expenditure. The public accounts give the details of these expenditures. They have been discussed recently upon a thousand platforms in the Province of Ontario. The case has gone to the jury, the verdict has been given and is entirely satisfactory to the gentlemen on this side of the House.

SIR JAMES WHITNEY: Without leaving the box, too!

HON. MR. LUCAS: Yes, and practically unanimously. Now the Government believe that if you want good service there must be reasonable compensation for employees. If the Prov-

ince is to retain the best men in its service we must pay reasonable salaries, and so there have been increased allowances in the civil service. I believe there will have to be increased allowances in the future as well. I believe the House will be unanimous in approving of these increases. The Government has practised economy only so far as economy is consistent with efficient administration, and the Government have no apologies to make for increased expenditures. Seventy-five per cent. of the ordinary expenditure defrayed from ordinary receipts is not the cost of Government, but is paid out in a way that is directly beneficial to the Province. And keeping in view our increased revenue, the Government has not been afraid to meet the demand for increased expenditure or new expenditures which the growing needs of a developing province may from time to time require. That will be our policy in the future as it has been in the past.

I pass on then to the balance sheet, the statement of assets and liabilities. It is the first sheet of the schedule, but is dealt with the last because it is the best of all, showing the standing of the Province to-day. And so I present to the House a statement of the cash and debenture assets of the Province, which shows where we stand after seven years of government.

As I have said already, we have paid our way each year out of ordinary revenues and have a net surplus at the end of seven years of \$1,388,775. The appended statement shows total assets of \$26,936,069.30, against total direct liabilities of \$24,765,922.68, showing a substantial margin or surplus. Of these total assets of twenty-six millions, twenty-five million of them are interest bearing or dividend paying assets and carry themselves. But, Sir, our honourable friends opposite and their friends on the hustings said, "You have increased the public debt, you have been borrowing money," and that is said in a manner calculated to frighten the ordinary elector of the Province. But somehow it does not frighten them. Of course we have been borrowing money, but we have assets to represent every dollar, in the T. and N. O. and the Hydro-Electric system. I must not overlook that

wonderful system, although I am sure my honourable friend from London will deal with it later on. But just for a moment let me give two or three figures as to where it stands. Early in the year 1908, specifications were drawn up and contracts were let for the Niagara transmission line. The work has been completed, apart from extensions, and completed within the estimates—a remarkable tribute to the business capacity and ability of the honourable member for London and his colleagues on the Commission. Well, how is it paying; what is the future of it? For two or three years during construction the interest and expenditures were charged up to capital. All operation, maintenance and power costs were taken care of prior to the end of the year, and left a balance of \$26,000 to the credit of interest account. Now we have a detailed statement for the three months. Perhaps I had better give the revenue for the month of November; taking the whole Niagara transmission line, revenue from power was \$33,770.98. We paid for the power, \$13,405.18, and for operation and maintenance, \$8,172.32, leaving a net revenue for the month over all operating expenses of \$12,193.48. For December, we have a net revenue of \$14,873.12, and for January, \$17,542.23. You will see that the net revenue is increasing each month and for the three months the total net revenue was \$44,608.83. There is another item that might have been included in our receipts, but the Hydro-Electric paid the interest on capital expenditures to the amount of \$40,384.14 out of ordinary receipts and left \$4,224.69 to the credit of depreciation account.

Port Arthur did the same, paying their interest in full, Penetang and Midland did the same, Niagara did the same; not only did they pay their interest, but they had the net profit with the \$26,000 earned before the end of the year of \$30,224.79.

This great work has been brought to this successful issue, and as I said before I won't deal with it further now, but that is one of the items which of course accounts for the debt, and with which honourable gentlemen try to frighten the country. Would it have pleased honourable gentlemen oppo-

site or the people of the Province if we had been able to say to them after our seven years: "We have done nothing for the Province in the way of great enterprises, but we have not increased the public debt"? Would not that have been like the man we have heard about who buried his talent and brought it back without increase?

I am proud to belong to an optimistic party, a party who are not afraid of the future of this Province or of this country, and who, when the opportunity for government came both at Toronto and Ottawa, were not afraid to build for the future and promote the prosperity and welfare of the people by engaging in great public works and enterprises in every direction. Our honourable friends upon the hustings tell of the increase of the public debt, but they always forget to tell, or nearly always—or perhaps I should be more charitable and say that they have not time to tell—about the assets we have, when they speak about this public debt. They forget to tell that this debt is represented by dividend bearing or interest paying assets. They forget to tell you that it represents the T. & N. O. Railway that has opened up and developed the great northland. They forget to tell you that it represents the Niagara Hydro-Electric development, which stands to-day a monument to the genius of the member for London and his colleagues of the Commission. It represents a completed gigantic and successful enterprise that has brought the boon of cheap light, heat and power to thousands of homes in this Province, and will yet bring it to thousands more. Not only that, but it represents the chief source of the confident hope for the continued and permanent great industrial development and supremacy of this Province. That is the future to which we look forward with faith and confidence.

Mr. Speaker, I have already taken too long. The estimates are before you. They have already been dealt with in some detail in the House, and any comments that I might be able to make upon them would be trespassing upon the time of the House. I beg, therefore, to move that you do now leave the Chair.

CASH AND DEBENTURE ASSETS OF THE PROVINCE.

OCTOBER 31ST, 1911.

BANK BALANCES:—

Current account	\$61,916 99	
Special deposits bearing interest....	1,442,000 00	
	<hr/>	\$1,503,916 99

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, 1911, £38,293 3s. at par of exchange....	186,104 70
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Re Ontario Government inscribed stock, 8 Edward VII., cap. 11 and 12, £1,320,000, 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, 1911, £11,644 2s. 6d. at par of exchange	56,590 45
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DEBENTURES:—

Drainage Debentures	209,491 41	
Tile Drainage Coupons	46,525 00	
Sault Ste. Marie Debentures	25,572 50	
	<hr/>	281,588 91

Temiskaming and Northern Ontario Railway, amount expended to 31st October, 1911, see Statement No. 16	17,535,662 69
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Niagara Power Transmission and Port Arthur Power Transmission. Amount expended on Transmission Lines to October 31st, 1911:

Niagara Transmission Lines	4,125,897 98	
Port Arthur Transmission Line	56,024 87	
	<hr/>	4,181,922 85

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

Balance due from sale of Old Government House Property	720,000 00
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Balance due from sale of Central Prison and Toronto Asylum properties	975,660 00
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HON. I. B. LUCAS.

33

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, 1910), after deducting Land Improvement Fund, \$2,617,592.14, portion belonging to Ontario, as per population of 1901 1,491,204 60

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 1,494,622 71

Total assets \$26,936,069 30

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, and 1 George V., cap. 4, 4 per cent., principal due May 1st, 1947, for construction of Temiskaming and Northern Ontario Railway, etc., £1,320,000 at par of exchange 6,424,000 00

(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) Ontario Government Bonds and Stock, 1 George V., cap. 9, and 8 Edward VII., cap. 12 (Canadian loan), Algonquin Park Loan and Purchase Act, 4 per cent., principal due May 1st, 1941. \$500,000.00 authorized. Amount issued to October 31st, 1911	290,000 00
(7) Ontario Government Stock, Charitable and Educational Bequests. 9 Edward VII., cap. 26, sec. 42, and 10 Edward VII., cap. 26, sec. 47	1,000 00
(8) Municipal Securities, 8 Edward VII., cap. 51. Municipal Sinking Funds on deposit with the Province of Ontario to 31st October, 1911, with accrued interest at 4 per cent.	64,618 97
(9) Railway Certificates, present value outstanding on 31st October, 1911. 2,497,561 52 Annuity Certificates, present value outstanding on 31st October, 1911.. 1,401,645 43	<u>3,899,206 95</u>
(10) Common School Fund collections by Ontario, from 1st January, 1911, payable to the Dominion, in trust for both Provinces	5,341 66
In trust for Ontario ... 2,976 36 In trust for Quebec.... 2,365 30	
(11) University of Toronto Certificates, \$30,000.00 per annum for 24 years, 5 Edward VII., cap. 37, present value at 3½ per cent. per annum	481,751 10
(12) 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	110,000 00
Total Direct Liabilities	<u>\$24,765,922 68</u>

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 3½ 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

(4) University of Toronto:

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

130,000 00

630,000 00

\$9,390,000 00

RECEIPTS AND EXPENDITURE.

FISCAL YEAR ENDED OCTOBER 31ST, 1911.

RECEIPTS.

Balances as per Public Accounts, 1910.

	\$	c.	\$	c.	\$	c.
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

Consolidated Revenue Fund.

From Dominion of Canada:

Subsidy on population, B.N.A. Act, 1907	1,879,343	80
Subsidy, 47 Vic., c. 4	142,414	48
Special Grant, B.N.A. Act, 1907	240,000	00
	2,261,758	28

Interest paid by Dominion, see Statement No. 3.....	74,671	26
Interest on Investments..	57,613	13
	132,284	39

Lands, Forests and Mines:

CROWN LANDS:

Agricultural	114,403	46
Mining	64,268	43
	178,671	89

Common School

Lands	6,281	24
University Lands..	1,889	12
	8,170	36

RENT:

Mining Leases ...	25,797	14
Crown Leases ...	21,577	82
	47,374	96

Miners' Licenses ..	78,800	60
Permits	6,291	38
Recording Fees ...	126,676	59
	211,768	57

Royalties	285,913	26
Provincial Mines ..	348	73
	286,261	99

SUPPLEMENTARY REVENUE:

Acreage Tax	14,570	91
Profit Tax	176,314	23
Gas Tax	18,576	37
	<hr/>	209,461 51

WOODS AND FORESTS:

Bonus	426,718	71
Timber Dues . . .	1,173,283	85
Ground Rent . . .	104,325	96
Transfer Fees . . .	7,110	35
	<hr/>	1,711,438 87

Provincial Assay

Fees	1,362	37
Casual Fees	791	01
Cullers' Fees	288	00
	<hr/>	2,441 38

Algonquin Park . . .	5,415	92
Rondeau Park	357	80
Forest Reserves . . .	1,309	00
	<hr/>	7,082 72

REFUNDS:

Wood Ranging . .	9,818	89
Fire Ranging . . .	33,679	66
Surveys	3,598	63
Agents' Salaries .	310	00
Contingencies . . .	150	00
Explorations and Investigations .	12	00
Bureau of Mines.	1	25
	<hr/>	47,570 43

2,710,242 68

From Licenses	656,363	66
“ Law Stamps	104,155	95
“ Algoma Taxes	6,805	50
“ Education	42,784	72
“ Provincial Secretary	323,736	25
“ Game and Fisheries	130,267	39
“ Agriculture	147,169	64
“ Supplementary Revenue Act, 8 Edw. VII., c. 14	854,659	91
“ Succession Duty	963,195	49
“ Succession Duty (Funds deposited in lieu of Bond for payment of Succession Duty)	87,437	87
“ Casual Revenue	160,671	21

From Public Institutions:

Toronto Hospital for Insane	54,057 29
Brockville " ..	16,926 75
Hamilton " ..	42,524 72
Kingston " ..	15,140 42
London " ..	38,485 25
Mimico " ..	18,673 45
Orillia " ..	12,911 83
Penetanguishene " ..	3,461 53
Woodstock " ..	14,712 03
Cobourg " ..	815 76
Reformatory for Females ..	10,457 44
Central Prison	778 72
Central Prison Industries..	45,355 77
	<hr/> 274,300 96

Temiskaming and Northern Ontario Rail- way, from Earnings	515,000 00
	<hr/>

Total Receipts 9,370,833 90

Drainage Debentures, Municipal	20,031 74
Drainage Debentures, Tile	6,855 00
Province of Ontario Loan (Algonquin Park), net pro- ceeds to October 31st, 1911. See Statement No. 17..	292,989 44
Ontario Government Inscribed Stock, £ 500,000 Loan. Amount credited to Ontario Treasury Dept. See Statement No. 18	2,387,805 64
Municipal Securitiles, Municipal Sinking Funds received for fiscal year ended Oct. 31st, 1911	30,179 44
Assurance Fund under The Land Titles Act, 10 Edw. VII., cap. 61	30,000 00
Ontario Govt. Stock (Peter Adamson Memorial Scholar- ship), 9 Edw. VII., cap. 26, sec. 42, and 10 Edw. VII., cap. 26, sec. 47	1,000 00
Central Prison and Toronto Asylum Properties, Sale of	89,840 00
	<hr/>
	\$15,407,124 82

PAYMENTS.**Consolidated Revenue Fund:**

For Civil Government	602,528	24	
“ Legislation	275,959	77	
“ Administration of Justice.....	653,383	69	
“ Education	1,885,739	57	
“ Public Institutions Maintenance...	1,197,726	38	
“ Colonization and Immigration.....	106,906	61	
“ Agriculture	680,101	17	
“ Stationary Engineers	6,096	61	
“ Hospitals and Charities	357,849	12	
“ Repairs and Maintenance	199,511	59	
“ Colonization Roads	451,111	26	
“ Charges Crown Lands	617,111	98	
“ Refunds	67,335	69	
“ Miscellaneous Services	252,953	53	
“ Hydro-Electric Power Commission: Provincial Government Expendi- ture, 1911	91,302	43	
			7,445,617 64

Public Buildings:

For Hospitals for Insane	170,606	23	
“ Reformatory for Females	5,040	56	
“ Central Prison, Toronto	3,445	49	
“ Osgoode Hall	15,328	56	
“ Normal Schools	13,304	69	
“ Ontario Government Building, Lon- don, Eng.	19,336	21	
“ Agricultural College	8,722	45	
“ Fruit Experimental Station	1,903	52	
“ McKay House, 5 Queen's Park	19,356	94	
“ Ontario Government Office, 172 Front St. W., Toronto	16	50	
“ Deaf and Dumb Institute, Belleville	4,199	99	
“ Blind Institute, Brantford	2,481	60	
“ Eastern Dairy School	399	15	
“ Children's Shelter	35	60	
“ Unorganized Districts	36,209	30	
“ Public Works	172,065	92	
“ Parliament and Departmental Buildings—Fire Alarm	2,188	00	
“ Special Warrants	53,113	30	
“ Stationery Accounts, excess of pur- chases over distribution	6,069	81	

Statutory Expenditure:

For Interest charges on Ontario Government Bonds and Stock (5 Edw. VII., cap. 2, and 6 Edw. VII., cap. 4), \$3,000,000.00 Loan	104,973 75	
“ Interest charges and Sinking Fund on Ontario Government Inscribed Stock (5 Edw. VII., cap. 2 and 3), £1,200,000 Loan	234,660 45	
“ Interest Charges and Sinking Fund on Ontario Government Inscribed Stock (8 Edw. VII., cap. 11 and 12; and 1 George V., cap. 4), £1,320,000 Loan	235,773 82	
“ Interest Charges, on Ontario Government Bonds and Stock (5 Edw. VII., cap. 2 and 3), \$1,150,000.00 Loan	46,020 81	
“ Interest Charges, on Ontario Government Bonds and Stock (8 Edw. VII., cap. 12, and 9 Edw. VII., cap. 8), \$3,500,000.00 Loan	139,961 72	
For Interest Assurance Fund under the Land Titles Act (10 Edw. VII., cap. 61)	2,000 00	
“ Interest Ontario Government Stock (9 Edw. VII., cap. 26, sec. 42; and 10 Edw. VII., cap. 26, sec. 47)	25 00	
Not otherwise enumerated (Statutory).	877,077 02	
		<u>2,174,316 39</u>
Total Expenditure		\$9,619,934 03

For Drainage Debentures, Municipal (Statutory)	56,073 25
“ Drainage Debentures, Tile (Statutory)	7,600 00
“ Advanced to the Temiskaming & Northern Ont. Railway (Statutory)	1,412,324 00
“ Good Roads (Statutory)	179,688 26
“ Dog Lake Dam	33,172 88

For New Government House	166,227 27	
“ New Provincial Prison	159,920 87	
“ Osgoode Hall, addition to Centre Building	71,231 16	
“ Parliament Buildings, West Wing ..	193,801 79	
“ Parliament Buildings, Addition to ..	281,599 69	
“ Provincial Museum	50,000 00	
“ Ontario Veterinary College	22,937 06	
“ Munn Lumber Co., payment for sur- render of Timber Limits in Algon- quin Park	290,000 00	
“ Advanced to Hydro-Electric Commis- sion during fiscal year, ended Oct. 31st, 1911:		
Expended on Niagara Power Transmission Lines	1,332,581 78	
Expended on Port Arthur Transmission Lines ..	26,115 79	
	<hr/>	1,358,697 57
		<hr/>
		4,283,273 80
(Interest and Sinking Fund to be paid by Municipalities.)		
“ Amount at Special Deposit, 31st Oct., 1911	1,442,000 00	
“ Amount at Current Account, 31st Oct., 1911	61,916 99	
	<hr/>	1,503,916 99
		<hr/>
		\$15,407,124 82

ESTIMATED RECEIPTS FISCAL YEAR ENDING OCTOBER 31st,
1912, INCLUDING CASH BALANCES ON HAND
31st OCTOBER, 1911.

Subsidy	\$2,396,429 28	
Interest on Common School Funds held by the Dominion	\$75,000 00	
Interest on Investments	50,000 00	
		<u>125,000 00</u>

LANDS, FORESTS AND MINES DEPARTMENT:

Lands and Forests:

Timber Dues, Bonus, Ground Rent, etc.	\$1,900,000 00	
Crown Lands	200,000 00	
		<u>2,100,000 00</u>

Mines:

Royalties	\$335,000 00	
Supplementary Revenue	150,000 00	
Leases and Sales	80,000 00	
License Fees, Recording Fees, etc.	125,000 00	
Miscellaneous	10,000 00	
		<u>700,000 00</u>

	<u>2,800,000 00</u>	
Public Institutions	228,000 00	
Education Department	46,000 00	
Provincial Secretary's Department	251,000 00	
Agriculture	150,000 00	
Casual Revenue	160,000 00	
Succession Duties	700,000 00	
Supplementary Revenue Tax (8 Edw. VII., cap. 14)	875,000 00	
Tavern and Brewers' Licenses	775,000 00	
Law Stamps	100,000 00	
Game and Fisheries	125,000 00	
Estimated Earnings, T. & N. O. Ry.	500,000 00	
Hydro-Electric Power Commission, Interest, etc.	173,000 00	

Total Estimated Receipts	\$9,404,429 28	
Cash Balances, 31st October, 1911.	1,503,916 99	
		<u>\$10,908,346 27</u>

ESTIMATED EXPENDITURE, FISCAL YEAR, ENDING
OCTOBER 31st, 1912.

Civil Government	\$727,228	50
Legislation	286,500	00
Administration of Justice	744,203	83
Education	2,022,652	48
Public Institutions Maintenance	1,383,307	00
Agriculture	703,536	00
Colonization and Immigration	107,728	55
Hospitals and Charities	420,038	14
Repairs and Maintenance	144,069	29
Public Buildings	483,642	83
Public Works	98,650	00
Colonization Roads	133,000	00
Charges Crown Lands	651,550	00
Refunds	67,458	73
Miscellaneous	671,500	49
	<hr/>	
	\$8,645,065	84

Capital:

Hydro-Electric Power Commission:

Transmission Lines	\$1,870,000	00
New Provincial Prison	275,000	00
Osgoode Hall	21,800	00
New Government House	250,000	00
Parliament Buildings, West Wing	190,000	00
Parliament Buildings, Addition, including furnish- ings, library fittings and Hydro-Electric equipment	310,000	00
Provincial Museum	50,000	00
Hospital for Insane, Brockville, additional buildings and farm lands	50,000	00
Hospital for Feeble-Minded, Orillia, additional build- ings	20,000	00
Hospital for Insane, Toronto, additional buildings, farms, land and equipment	200,000	00
Institution for the Deaf and Dumb, Belleville, erec- tion of new dormitory	65,000	00
Institution for the Blind, Brantford, new dormitory building	65,000	00
Ontario Agricultural College, new Dining Hall	75,000	00
Ontario Agricultural College, new Dairy Stables and additional land	31,500	00
Ontario Veterinary College	50,000	00
	<hr/>	
	\$12,168,365	84

(Capital Account, \$3,523,300.00.)

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>Frd..</i>	2,504,025 72	1,692,650 00
			1930	138,412 94	50,700 00
			1931	134,914 94	43,700 00
1911		51,450 00	1932	127,918 94	32,700 00
1912	139,112 54	102,900 00	1933	125,120 54	28,700 00
1913	139,112 54	102,900 00	1934	123,021 74	28,700 00
1914	139,112 54	102,900 00	1935	111,128 54	24,700 00
1915	139,112 54	102,900 00	1936	105,090 01	16,700 00
1916	139,112 54	102,900 00	1937	94,459 80	9,200 00
1917	139,112 54	102,900 00	1938	90,961 80	2,850 00
1918	139,112 54	102,900 00	1939	86,122 35	.....
1919	139,112 54	102,900 00	1940	82,239 02	.....
1920	139,112 54	102,900 00	1941	67,943 75	.....
1921	139,112 54	102,900 00	1942	31,818 40	.....
1922	139,112 54	102,900 00	1943	24,920 51	.....
1923	139,112 54	102,900 00	1944	22,695 08	.....
1924	139,112 54	96,200 00	1945	18,251 86	.....
1925	139,112 54	82,500 00	1946	18,251 86	.....
1926	139,112 54	69,350 00	1947	18,251 86	.....
1927	139,112 54	56,950 00	1948	18,251 86	.....
1928	139,112 54	50,700 00	1949	6,871 26	.....
1929	139,112 54	50,700 00	1950	699 60	.....
<i>Frd</i>	2,504,025 72	1,692,650 00	<i>Totals</i>	3,951,372 38	1,930,600 00

NOTE.—Present value of Railway Certificates, October 31st, 1911 (interest $1\frac{3}{4}$ per cent. half yearly)... \$2,497,561.52
 Present value of Annuities, October 31st, 1911 (interest $1\frac{3}{4}$ per cent. half yearly),..... 1,401,645.43

Government
Publications

