

BUDGET ADDRESS

Delivered by

The Hon. Mitchell F. Hepburn
Prime Minister and Treasurer of Ontario

Government
Publication

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

On the 30th March, 1939

On Moving the House into Committee of Supply

Also Statements of

ASSETS AND LIABILITIES

REVENUE AND EXPENDITURE

COMPARATIVE AND STATISTICAL

INFORMATION



ONTARIO

TORONTO

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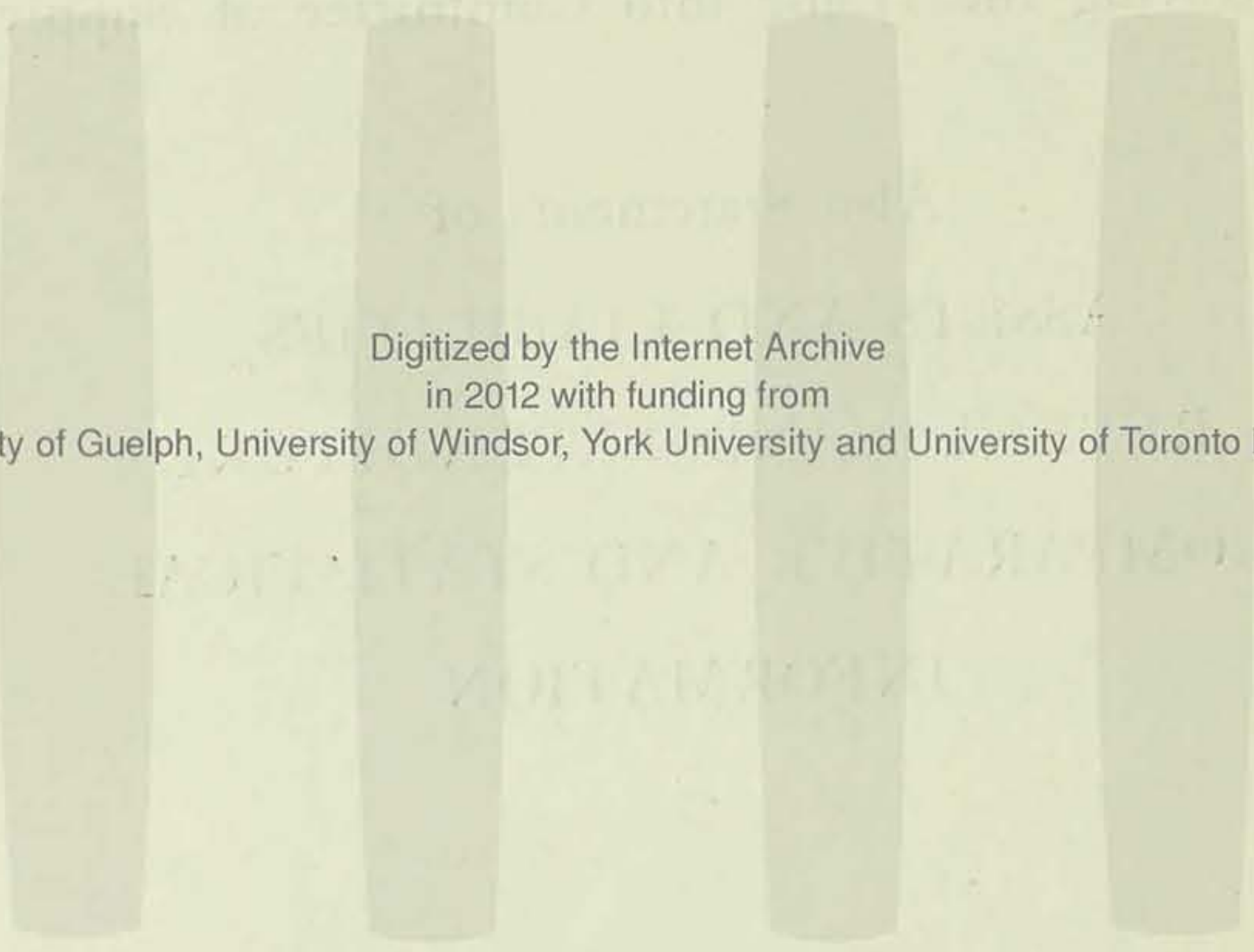
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The Hon. Michael E. Hodgson
Minister of Finance and Economic Development



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CHRONOLOGICAL INDEX

SUBJECT	PAGE
1—Motion and Preface	7
2—Commonwealth of Australia	7, 8
3—Canada and Ontario	8
4—Ontario and the Municipalities	8
5—Benefits to Municipalities	8
6—Costs assumed by Government	8
7—Public Accounts of 1938	8, 9
8—Public Financing	9
9—Hydro-Electric Power Commission Financing	9
10—Treasury Bills	9, 10
11—Exchange	10, 11, 12
12—Ontario's Credit Abroad	12
13—Department of Agriculture	12, 13, 14
14—Department of Education	14, 15
15—Department of Game and Fisheries	15, 16
16—Department of Health	16, 17, 18
17—Department of Highways	18, 19, 20
18—Department of Labour	20, 21, 22
19—Department of Lands and Forests	22
20—Temiskaming and Northern Ontario Railway	23
21—The Mining Industry	24
22—Department of Municipal Affairs	24, 25, 26, 27, 28
23—Unemployment Relief	28, 29
24—Department of the Provincial Secretary—Reformatories and Prisons Branch	30
25—Agricultural Development Board	30, 31, 32, 33
26—Ontario Savings Office	33, 34
27—Liquor Control Board	34, 35
28—Hydro-Electric Power Commission	35
29—Department of Public Welfare	36
30—Department of Public Works	37
31—Ordinary Revenue	37, 38
32—Interim Statement of Gross Ordinary Revenue—Fiscal Year 1938-39	38
33—Interim Summary—Fiscal Year 1938-39	39
34—Succession Duties	39, 40, 41
35—Ordinary Expenditures	41
36—Interim Statement of Gross Ordinary Expenditure—Fiscal Year 1938-39	41, 42
37—Interim Surplus—Fiscal Year 1938-39	42
38—Capital Receipts	42
39—Interim Statement of Gross Capital Receipts—Fiscal Year 1938-39	43
40—Capital Payments	43
41—Interim Statement of Capital Payments—Fiscal Year 1938-39	44
42—Gross Provincial Debt	44, 45, 46
43—Statement of Capital Expenditure from November 1, 1934 to March 31, 1939	46
44—Funded Debt of Ontario	46
45—Statement of Funded Debt changes for Fiscal Year ended March 31, 1939	46, 47
46—Net Debt	47
47—Indirect Liabilities and Guarantees	47, 48
48—Schedule of Indirect Liabilities and Guarantees as at January 31, 1939	48
49—Estimates—Fiscal Year 1939-40	49
50—Budget Forecast of Ordinary Revenue—Fiscal Year 1939-40	50
51—Summary showing Surplus Forecast—Fiscal Year 1939-40	50
52—Budget Forecast of Ordinary Expenditure—Fiscal Year 1939-40	51
53—Budget Forecast of Capital Receipts—Fiscal Year 1939-40	52
54—Budget Forecast of Capital Payments—Fiscal Year 1939-40	53
55—Budget Annotation	53
56—Public Works Expenditure for Fiscal Year 1939-40	54
57—Highway Expenditure for Fiscal Year 1939-40	54
58—Ways and Means—Corporation Tax	54
Gasoline Tax	55, 56, 57
59—Conclusion	57, 58
60—Balance Sheets of Boards and Commissions and Statistical Statements (see Sub-Index No. 1)	59
61—Financial Statements from Public Accounts— Fiscal Year April 1, 1937 to March 31, 1938 (see Sub-Index No. 2)	83

ANALYTICAL INDEX

SUBJECT

	SUBJECT	PAGE
1—FINANCIAL SITUATION—		
	Analogous position of Australia to Canada and Ontario.....	7, 8
2—GOVERNMENT POLICY—		
	To continue aid to Municipalities.....	8
	Summary of savings to Municipalities.....	8
	Municipal unemployment relief costs less.....	29
	Education.....	14, 15
	Strikes, wages.....	20, 21
	Youth Training.....	22, 29
	Health of the community.....	53
	Municipal Subsidy.....	56
	Proper book-keeping methods.....	57
	Taxation of real estate.....	58
3—PUBLIC ACCOUNTS—		
	Net Ordinary Revenue—April 1, 1937—March 31, 1938.....	8, 9
	Net Ordinary Expenditure—April 1, 1937—March 31, 1938.....	8, 9
	Unemployment Relief—April 1, 1937—March 31, 1938.....	8, 9
	Surplus—April 1, 1937—March 31, 1938.....	8, 9
	Statements—April 1, 1937—March 31, 1938.....	83
4—PUBLIC DEBT—		
	Public Financing.....	9
	Hydro-Electric Power Commission Financing.....	9
	Treasury Bills.....	9, 10
	Exchange.....	10, 11
	Schedule of Maturities payable in Canada, New York and London.....	11, 12
	Gross Provincial Debt.....	44, 45, 46
	Funded Debt.....	46, 47
	Net Debt.....	47
	Indirect Liabilities and Guarantees.....	47, 48
5—CAPITAL EXPENDITURES—		
	Land, Buildings, Radium, Highways, Reformatories, Power Extension, etc., November 1, 1934—March 31, 1939.....	46
6—ONTARIO CREDIT ABROAD—		
	Enjoys enviable position.....	12
	Stock held during crisis.....	12
7—FISCAL YEAR APRIL 1, 1937—MARCH 31, 1938—		
	Public Accounts.....	8, 9
	Statements from Public Accounts.....	83
	Statistical Statements.....	59
8—FISCAL YEAR APRIL 1, 1938—MARCH 31, 1939—		
	Statistical Statements.....	59
	Ordinary Account—	
	Revenue.....	37, 38
	Expenditure.....	41
	Surplus.....	42
	Interim Statements—	
	Gross Revenue.....	38
	Summary.....	39, 42
	Gross Expenditure.....	41, 42
	Capital Account—	
	Receipts.....	42
	Payments.....	44
	Interim Statements—	
	Receipts, classified.....	43
	Payments, classified.....	44

ANALYTICAL INDEX—Continued

9—FISCAL YEAR APRIL 1, 1939—MARCH 31, 1940—	PAGE
Provincial Subsidy Increased—	
To Municipalities.....	56
Statistical Statements.....	59
Estimates.....	49
Ordinary Account—	
Revenue.....	49
Expenditure.....	49
Surplus.....	49, 53
Statements of Budget Forecast—	
Revenue.....	50
Summary.....	50
Expenditure.....	51
Capital Account—	
Statements of Budget Forecast—	
Receipts.....	52
Payments.....	53
10—TAXATION—	
Succession Duties.....	38, 40, 41
Corporation.....	54
Gasoline.....	55, 56, 57
11—ACTIVITIES OF DEPARTMENTS, BOARDS AND COMMISSIONS—	
Department of Agriculture—	
Revenue and Expenditure—1938-1939.....	38, 41, 43, 44
1939-1940.....	50, 51, 52, 53
Review of Agricultural conditions.....	12, 13, 14
Department of Attorney-General—	
Revenue and Expenditure—1938-1939.....	38, 41
1939-1940.....	50, 51
Department of Education—	
Revenue and Expenditure—1938-1939.....	38, 44
1939-1940.....	50, 51, 53
Grants—School Boards; Vocational Training; Consideration for the Taxpayer.....	14, 15
Department of Game and Fisheries.....	50
Revenue and Expenditure—1938-1939.....	38, 41, 44
1939-1940.....	50, 51, 53
Record of revenue; review of activities.....	15, 16
Department of Health—	
Revenue and Expenditure—1938-1939.....	38, 41
1939-1940.....	50, 51
Increase in activities of Tuberculosis, Laboratories and Hospitals Branches.....	16, 17, 18, 53
Department of Highways—	
Revenue and Expenditure—1938-1939.....	38, 41, 43, 44
1939-1940.....	50, 51, 52, 53, 54
Highway accidents reduced.....	18
Southern and Northern Ontario road construction; Tourist registration; County and Township savings.....	18, 19, 20
No New Construction.....	54
Niagara Parks Commission—	
Balance Sheet, March 31, 1938.....	64, 65
Department of Insurance—	
Revenue and Expenditure—1938-1939.....	38, 41
1939-1940.....	50, 51
Department of Labour—	
Revenue and Expenditure—1938-1939.....	38, 41
1939-1940.....	50, 51
Review; Youth Training Programme.....	20, 21, 22
Department of Lands and Forests—	
Revenue and Expenditure—1938-1939.....	38, 41, 43, 44
1939-1940.....	50, 51, 52, 53
Pulp and Paper Industry; revenue collections.....	22
Presqu'île Park Commission—	
Balance Sheet, March 31, 1938.....	66, 67

ANALYTICAL INDEX—Continued

11—ACTIVITIES OF DEPARTMENTS, BOARDS AND COMMISSIONS—Continued	PAGE
Department of Legislation—	
Revenue and Expenditure—1938-1939	38, 41
1939-1940	50, 51
Office of Lieutenant-Governor—	
Expenditure—1938-1939	41
1939-1940	51
Department of Mines—	
Revenue and Expenditure—1938-1939	38, 41, 43
1939-1940	50, 51, 52
Mining industry reviewed	24
Department of Municipal Affairs—	
Revenue and Expenditure—1938-1939	38, 41, 43
1939-1940	50, 51, 52
Finances of Municipalities improved	24, 25, 26, 27, 28
Department of Prime Minister—	
Revenue and Expenditure—1938-1939	38, 41, 43, 44
1939-1940	50, 51, 52, 53
Temiskaming and Northern Ontario Railway Commission—	
Review	23
Balance Sheet, March 31, 1938	70, 71
Office of Provincial Auditor—	
Expenditure—1938-1939	41
1939-1940	51
Department of Provincial Secretary—	
Revenue and Expenditure—1938-1939	38, 41
1939-1940	50, 51
Reformatories and Prisons	30
Department of Provincial Treasurer—	
Revenue and Expenditure—1938-1939	38, 41, 43, 44
1939-1940	50, 51, 52, 53
Commissioner of Agricultural Loans—	
Review	30, 31, 32, 33
Balance Sheet, March 31, 1938	60, 61
Savings Office—	
Review	33, 34
Balance Sheet, March 31, 1938	68, 69
Liquor Control Board—	
Review	34, 35
Balance Sheet, March 31, 1938	62, 63
Hydro-Electric Power Commission—	
Financing	9
Rural Loans	35
Rural Power Districts	35
Department of Public Welfare—	
Revenue and Expenditure—1938-1939	38, 42, 43, 44
1939-1940	50, 51, 52, 53
Old Age Pensions	36
Pensions for the Blind	36
Mothers' Allowances	36
Unemployment Relief	28, 29
Department of Public Works—	
Revenue and Expenditure—1938-1939	38, 42, 43, 44
1939-1940	50, 51, 52, 53, 54
Construction	37, 54

BUDGET ADDRESS

DELIVERED BY

THE HON. MITCHELL F. HEPBURN

PRIME MINISTER AND TREASURER OF ONTARIO

March 30th, 1939

MR. SPEAKER:

I rise to move that you do now leave the Chair and that the House resolve itself into Committee of Supply, and, as is the custom, I shall speak in support of this motion and bring before this House a complete statement of the expenditures and revenues for the current fiscal year which ends to-morrow.

As this is the fifth occasion on which I have had the honour of presenting the financial statements of the Government, I shall profit by the occasion to express certain opinions and offer certain advice to the House.

To discharge the functions of the Treasurer of this Province in normal times is difficult and imposes upon the incumbent of the position responsibilities which tax his intelligence and his judgment; but to discharge the duties of Treasurer in times such as we have witnessed during the past year certainly calls up one's physical strength, optimism and belief to the utmost degree in human nature. To say that during the past year we have lived in the shadow of a great emergency is to put it mildly.

Perhaps we can best appreciate our own situation by looking abroad and examining the position in which the members of a sister Dominion find themselves. I mention to you the problems of the Commonwealth of Australia, a country which it was my opportunity to visit this winter. The Commonwealth in 1931 readjusted its financial affairs and since then has been making steady progress. But to-day that Commonwealth, with a population of just under seven millions and a debt, which includes the debts of the six states that form the Commonwealth, amounting to £1,275,000,000, is faced with a new and inescapable expenditure. This debt of One Thousand, Two Hundred and Seventy-Five Million Pounds, I may say, is owing approximately 60 per cent. in Australia, and the balance in London and New York, and is well within the ability of the people of Australia to pay. The Australians a few years ago set the value of the Australian pound at 125 Australian pounds to one hundred pounds Sterling and, because of their favourable balance of international payments, have been able to maintain this relation of the Australian pound to the pound Sterling.

But to-day, threatened, as they are, by the menace of the totalitarian states, the Australian Government has found it necessary to undertake to expend a colossal sum on a defence programme. This expenditure is considered to be

vital to the preservation of the integrity of the Commonwealth and to the protection of its avenues of trade; for, as you are aware, Australia exports most of her surplus of natural products to the Mother Country. It is beyond the power of the Government of Australia to avoid this defence expenditure, and here all the rules of public finance break down.

So in Canada, faced as we will be, with the problem of protecting ourselves from invasion or domination by aggressor nations, a colossal programme of defence expenditure is in the offing and, although this Government will not be called upon in the first instance to finance these expenditures, because that will be the responsibility of the Central Government, it necessarily follows that, inasmuch as the Province of Ontario pays almost 50 cents out of every dollar of taxation exacted by the Dominion, there will be that much less wealth in the Province for this Government to tax to carry on the business of the Province.

Coming back to our own Province, we must realize that what we consider to-day to be almost an insurmountable problem, may at any moment be overshadowed and completely eclipsed by new conditions with which we may have to contend. But in spite of threats of war, with all of its devastating consequences, it is our duty to carry on and do the best that we can. So, in this spirit I am meeting the House to-day and addressing myself to the task of planning for another year of carrying on the business of the Province of Ontario.

Continuing the policy of this Government to endeavour to ameliorate the difficulties which confront the municipalities, I am able to report that we have benefited the municipalities by a sum of over eleven million dollars during the fiscal year which ends to-morrow. (Applause.) This statement will be understood when I inform the House that this has been brought about by assuming their share of:—

Mothers' Allowances.....	\$ 2,263,800.00
Old Age Pensions and Pensions for the Blind.....	1,194,500.00
Cost of sanatorium treatment re tuberculosis.....	1,300,000.00
Through increasing Subsidy to Townships from 40% to 50% of amount expended on Road Work.....	624,000.00
By relieving Counties of the 20% of the cost of Provincial Highways.....	3,026,000.00
By one mill subsidy.....	2,950,000.00
	<u>\$11,358,300.00</u>

And this total does not include a two and a half million dollar increase in school grants.

PUBLIC ACCOUNTS OF 1938

It will be within the memory of the members of this House that in the Budget brought down on the 18th of March last year, I reported that the surplus of ordinary revenue over ordinary expenditure exceeded the sum of three million dollars. This was a moderate and modest estimate of the surplus for the year. The Public Accounts of the Province of Ontario for the year ended March 31st, 1938, have been placed in your hands and on reference to page 9 you will observe that the net ordinary revenue for the fiscal year which ended March 31st, 1938, amounted to \$86,052,792.88. Expenditures, before providing for Unemployment Direct Relief, amounted to \$71,446,910, leaving a surplus before providing for Unemployment Direct Relief and the administration thereof of \$14,605,882.88.

Inasmuch, however, as it has been the policy of this Government to charge the cost of Unemployment Direct Relief and the administration thereof against the ordinary revenue of the current year, we deducted the cost of this item, which amounted to \$9,996,164.35. In the result, we were able to report a surplus for the fiscal year ended March 31st, 1938, of, not three million dollars, but \$4,609,718.53. (Applause.)

PUBLIC FINANCING

It has been found desirable during this fiscal year for the Government to issue and sell debentures to the public in order to provide for the large capital expenditures entailed in the programme of Highway Construction and Hospital Extension.

Debentures of a par value of \$15,000,000 were issued on November 1st, 1938, bearing a coupon rate of 3% and repayable in twelve years; with a provision for redemption on November 1st, 1947, or on any subsequent interest date, at the option of the Government. The price at which the debentures were sold has resulted in an effective cost for interest of 3.36%.

On December 15th, 1938, an issue of debentures was made of a par value of \$16,500,000, bearing a coupon rate of 3% and maturing in eleven years; a redemption privilege enabling the Government, at its option, to redeem the debentures on December 15th, 1945, or on any interest date thereafter. In the sale of these debentures an effective cost for interest of 3.08% has been obtained.

Apart from the two public issues already described, the Province, in accordance with statutory requirements, has issued debentures to the amount of \$1,300,000 bearing interest at the rate of 4¾% per annum, and has received in payment therefor an equivalent sum of money from the Teachers' and Inspectors' Superannuation Fund.

HYDRO-ELECTRIC POWER COMMISSION FINANCING

The Hydro-Electric Power Commission of Ontario issued on August 1st, 1938, Debentures of a par value of \$12,500,000 repayable in ten years and containing a callable clause for redemption on August 1st, 1946, or on any subsequent interest date. These Debentures, while not a direct obligation of the Province of Ontario and in no way connected with the financing of Provincial capital expenditures, have an influence on our borrowings as they are guaranteed by the Province of Ontario. They were sold to produce an interest cost of 3.24%.

TREASURY BILLS

Outstanding Treasury Bills amounting to \$60,000,000, all payable in the lawful money of Canada and bearing rates of interest ranging from 1¼% to 1.65%, are listed in detail in the statement following.

TEMPORARY LOANS—TREASURY BILLS

As at March 31st, 1939

Date of Maturity	Date of Issue	Rate %	Series	Amount Outstanding	Where Payable
1939, June 30	1938, Dec. 30	1% Disc.	EH	\$ 2,000,000.00	Canada
Sept. 2	Sept. 2	1.25	RT-P	2,000,000.00	"
Sept. 2	Sept. 2	1¼% Disc.	RT-R	1,000,000.00	"
Sept. 13	Sept. 13	1.25	EK	2,000,000.00	"
Dec. 1	June 1	1.50	RT-M	6,000,000.00	"
1940, Sept. 13	Sept. 13	1.65	RT-Q	5,000,000.00	"
Sept. 13	Sept. 13	1.65	RT-S	5,000,000.00	"
Nov. 1	Nov. 1	1.65	RT-U	10,000,000.00	"
Dec. 21	Dec. 21	1.65	EM	10,000,000.00	"
1941, June 1	June 1	1.65	RT-N	5,000,000.00	"
Aug. 1	Aug. 1	1.65	RT-O	4,500,000.00	"
Aug. 1	Aug. 1	1.65	EJ	2,500,000.00	"
Sept. 13	Dec. 1	1.65	RT-T	5,000,000.00	"
				<u>\$60,000,000.00</u>	

Financing by Treasury Bills, with maturities varying from one to three years, rather than by using long-term issues, has been continued, and this Government again derives great advantage from this policy. According to our information, all indications point to a period of cheap money ahead in this country, and lead me to conclude that before a sound basis is found upon which business may be stabilized, interest rates must descend to still lower levels.

The soundness of the Government's policy of adhering to short term maturities for financing its obligations, by which it has been possible to take advantage of interest rates of less than one-half those which applied upon previous borrowings, continues to be demonstrated in the prevailing trend toward lower interest rates.

EXCHANGE

The shortsightedness exhibited by former administrations in permitting the issue of bonds redeemable both as to principal and interest, and at the option of the holder, in New York, Sterling or Canadian funds, has at the same time brought advantage to the bondholder and avoidable hardship to the Ontario taxpayer, against whom the discrimination has been considerably accentuated by the political and financial uncertainties now obtaining in Europe.

The problems that confront a Provincial Treasurer, and the anxiety that accompanies all his efforts to arrange payment of accruing obligations under exchange conditions most unfavourable to this Province, will be understood and appreciated by those familiar with the fluctuations of foreign exchange during the year under review. The unpredictable trends and fluctuations in foreign exchange during recent years have presented a problem of tremendous proportions to the large financial interests in the United States, with which those interests have been only partially able to cope, but former Governments of the Province of Ontario have befriended them in their difficulties; these financial interests have had easy access to the major portion of the \$230,000,000 of Province of Ontario bonds payable, at the option of the holder, in Canadian, New York or Sterling funds, and have been able to purchase and sell these securities without difficulty as a hedge in their foreign exchange transactions. The time is rapidly approaching when the Province of Ontario will have the unenviable distinction,

unique in the English-speaking world, of being obligated for payments of principal and interest in any one of three currencies, at the behest of the holder,—with the inevitable assurance that payment will be demanded in the currency most costly to the Provincial purse. Following is a summary, presented in this connection, of the cost to the Government and the Hydro-Electric Power Commission of foreign exchange for the fiscal periods 1932 to 1939:—

Fiscal Year ended	Total Exchange
October 31, 1932.....	\$4,047,311.48
“ 1933.....	2,112,417.57
“ 1934.....	878,798.24
March 31, 1935.....	261.25
“ 1936.....	238,754.07
“ 1937.....	177,686.04
“ 1938.....	218,396.04
“ 1939 (estimated).....	199,664.84
	<u>\$7,873,289.53</u>

The foregoing summary indicates the unhappy experience of the Province during the past few years in regard to its Foreign Exchange problems. The future threatens a similarly gloomy picture. American Exchange during the financial crisis of 1932-1933 reached a premium of over 20%. If such condition should again occur during the fiscal year ending March 31st, 1945, when we have over \$31,000,000 to meet in the highest of these exchange markets, the Province will be called upon to pay in exchange a sum of over \$6,000,000. I have had prepared a summary showing the Interest and Principal Maturities of Province of Ontario bonds payable in Canada, London or New York, at the holders' option. The Grand Total of principal and interest on which abnormal exchange rates may apply, reaches the colossal sum of \$407,840,515, as follows:

PROVINCE OF ONTARIO

Schedule of Principal and Interest Maturities, by Fiscal Years, of Issues Payable in Canada, New York and London, from March 31st, 1939, to Maturity

Fiscal Year Ending	Total
March 31st, 1940.....	\$ 14,397,825.00
“ 1941.....	14,292,552.50
“ 1942.....	14,177,310.00
“ 1943.....	14,082,065.00
“ 1944.....	13,876,370.00
“ 1945.....	31,270,352.50
“ 1946.....	12,846,900.00
“ 1947.....	12,801,847.50
“ 1948.....	12,770,640.00
“ 1949.....	12,666,700.00
“ 1950.....	12,444,480.00
“ 1951.....	12,452,035.00
“ 1952.....	12,322,680.00
“ 1953.....	12,227,285.00
“ 1954.....	12,143,342.50
“ 1955.....	11,968,670.00
“ 1956.....	11,936,727.50
“ 1957.....	11,112,162.50
“ 1958.....	10,148,235.00
“ 1959.....	9,384,312.50
“ 1960.....	42,201,055.00

Fiscal Year Ending	Total
March 31st, 1961	\$ 41,101,092.50
" 1962	6,034,987.50
" 1963	6,030,010.00
" 1964	5,845,760.00
" 1965	6,013,032.50
" 1966	6,011,832.50
" 1967	5,514,077.50
" 1968	5,014,145.00
" 1969	5,071,655.00
" 1970	4,158,307.50
" 1971	4,103,247.50
" 1972	1,418,820.00
	<u>\$407,840,515.00</u>

ONTARIO'S CREDIT ABROAD

Notwithstanding the unfavourable conditions to which I have just alluded, by completely reversing the financial policy pursued by our predecessor, we have been able to cope with this situation thus far. In that regard I might say that since this Government took office, there has not been a single foreign loan which has not been repayable only in lawful money of Canada. We have had a succession of balanced budgets and tax reductions and these evidences of sound Government are to-day responsible for the fact that the credit of the Province of Ontario enjoys a most enviable position in the money markets of the world. No better indication of the esteem in which our credit is held abroad could be furnished than was given by the impressive manner in which the inscribed stock of the Province of Ontario was held by investors during the crisis last September. At that time British War Loan fell from 102 $\frac{1}{8}$ to 93, and undoubtedly the reason that the price did not sink lower was that the London Stock Exchange fixed a minimum price of 93 and 93 $\frac{1}{4}$. During the dark days of September 26th, 27th and 28th, 1938, trading in War Loans was active and large blocks changed hands. While, of course, the amount of inscribed stock representing obligations of the Province of Ontario is confined to some three millions of dollars, it is nevertheless worthy of note that practically none of this inscribed stock was offered. In fact, although the Bank of Montreal at London was seeking blocks of inscribed stock for sinking fund purposes, practically none was offered. The British investor in Province of Ontario stock held on to his investments. This performance of Ontario securities in London during the crisis was most impressive and is, in my opinion, the best evidence of the high regard in which the British investor holds this stock, since he was unwilling to exchange that stock for the obligations of any other authority in the world.

If you will permit me, Mr. Speaker, I shall make some observations dealing with the activities of the various departments of the Government.

DEPARTMENT OF AGRICULTURE

Notwithstanding the low level of prices prevailing for grains in the latter half of 1938, agricultural income during 1938 in Ontario was maintained at practically the same level as in 1937. The factors accounting for this were chiefly the high butter fat prices obtained in the early part of the year, firm prices for all classes of live stock, stable fluid milk prices, and a greatly enlarged tobacco crop. Favourable weather conditions during the growing and harvesting

season enabled farmers to harvest 5.3% greater volume of field crops than in 1937, and, although grain prices declined drastically due to greater world production the amount of agricultural income was not greatly affected as farmers in Ontario depend chiefly for their income on the sale of products obtained by feeding their crops to live stock and poultry.

The past fiscal year has demonstrated that Ontario agriculture is definitely dependent upon export markets. Consequently educational and regulatory measures must be organized and operated to a greater degree than before to bring the greatest amount of pressure upon the production of the products in demand by the importing countries. Prices offered for a crop or product are influenced by that paid for the portion exported, provided the quality is uniform.

Apples, pears and plums have moved into the British market satisfactorily. They have been properly produced, well graded, packed and cooled and the quality has met with approval—consequently the returns have been quite satisfactory.

On the other hand wheat is cheap and feed grains are cheap, largely because there is no satisfactory outlet in other countries. Ontario farmers produce a soft wheat—are forced to sell both wheat and flour on a world basis, competing with flour from Australia and Great Britain.

Every product which had an active export outlet, on the average, gave comparable returns with other years. A steady trade between individuals, communities or countries can not be stifled if prosperity is to come to the countryside.

Nineteen Thirty-Eight demonstrated the value of following a mixed farming programme. Ontario's field crops were the largest since 1930—consequently barns were filled with roughages and grains were marketed in so far as possible through live stock. Fortunate were the men who had built up their herds and flocks because while the volume was higher, the average market price for grains was 19.6% lower than during the fall of 1937.

Conditions were favourable for low cost production of live stock; prices for hogs, bacon grade, have been, except at the rush seasons, at a point where grains converted into pork brought a return far above the average market.

Much of the surplus wheat and practically all of the feed grains are being used upon the farms. Had Ontario produced sufficient hogs to have met the unfilled part of the British quota all grain could have been sold at prices equal to those received in normal price periods.

Many with more feed than stock overlooked the quality factor and fed far too long a period and too much heavy bacon was produced which, unfortunately, brought into play the deductions now in operation upon our live hog market. Ontario offers great opportunities for increased production in swine but must take heed of the demand of the British people for a more uniform delivery month by month. This will necessitate some change in breeding practices. The Government is attacking this problem through organized clubs in the Western and Eastern parts and through general educational work in all sections.

The dairy industry has experienced some interesting developments. The continued demand for cows and heifers at remunerative prices for shipment to the United States and Great Britain has been an attractive market and is a very real compliment to our people, as breeders and feeders of pure bred dairy cattle.

The high price of butter in the earlier months in 1938 induced not only some importations of butter but also caused many to patronize the creameries instead of the cheese factories. The quantity of milk used in butter and cheese production in 1938 amounted to 3,020,329,700 pounds as compared with 2,934,798,400 in 1937. The percentage spread in butter prices during 1938 was probably unprecedented. At the end of March the wholesale price of creamery butter at Toronto reached 36 cents per pound and by the end of December prices had fallen to 21 cents per pound. The average price for the year was the same as in 1937. The concentrated milk factories and powder plants increased their production, due to an improvement in export demand related to the storing of food-stuffs in Great Britain, and drew supplies from cheese factory areas, thus assisting in reducing the cheese make and these companies built up a surplus product.

Cheese is a standard product which sells upon the British market at a premium over New Zealand cheese, from which we receive our keenest competition. At present we cannot export butter and compete—therefore, every effort should be put forth to place our cheese industry upon a basis whereby the demand may be filled with a product of a quality to equal that of our past seasons and up to the expectation of the importer. Steps are underway by the Government to guard the quality through improved supervision.

The income to tobacco growers in 1938 will be about \$17,707,500 as compared with \$15,626,900 in 1937. This is all-time record value. A considerably increased acreage was planted and the growing season was particularly favourable, with the result that production amounted to approximately 84,500,000 pounds, made up of 71,500,000 pounds of flue-cured, 10,000,000 pounds of burley, and almost 3,000,000 pounds of dark tobacco. This compares with a total of 62,292,000 pounds in 1937, made up of 54,000,000 pounds of flue-cured, 6,392,000 pounds of burley, and 2,000,000 pounds of dark tobacco. The price per pound to growers for flue-cured averaged about 22½ cents per pound as against 27-1/3 cents last year, and for burley 13.8 cents per pound as against 13.25 cents per pound in 1937. This season's heavy production proved more than sufficient to replenish the below normal stocks position, and some concern is being expressed regarding the possibility of marketing a 1939 crop as large as the present one.

DEPARTMENT OF EDUCATION

In an effort to assist local school boards to reduce the taxation required for educational purposes, the Government last year provided for a substantial increase in the Provincial grants for education. In the distribution of these grants, consideration is given to the financial position of the local school area. Those school sections or districts in which there is a low assessment in relation to the number of pupils in attendance at school receive proportionately more than other sections or districts with a higher assessment per pupil.

The difficulties experienced by the youth of this Province during the past few years in finding employment have resulted in a demand that greater facilities should be provided in our schools for vocational training. By reason of that condition, there has been an increased demand for the provision of accommodation and equipment for Manual Training and Household Science. Provision is being made this year for an increase in the grants for this type of practical training to meet the demands which cannot otherwise properly be satisfied. If there is any doubt in the mind of anyone as to whether this Government has been sympathetic and considerate of the problems of the school tax-payers the figures show an increase of \$2,133,973. over a period of 3 years carrying a corresponding reduction in direct taxation on real estate.

DEPARTMENT OF GAME AND FISHERIES

The revenue which has been collected by this Department between April 1st, 1938, and the present time, indicates that the total revenue which will be derived from all sources during the current fiscal year will total in all not less than \$910,000.00, a sum which is practically \$45,000.00 in excess of the highest previous annual revenue of this Department and which was collected during the previous fiscal year. (Applause.)

Principal increases in revenue include \$18,000.00 additional from the sale of gun licenses; \$8,000.00 additional from the sale of non-residential angling licenses; and \$26,000.00 additional from fines imposed on those convicted of offences against provisions of The Game and Fisheries Act and from the sale of confiscated articles.

A forecast of expenditures covering the same fiscal period reveals the fact that ordinary expenditures will total in the neighbourhood of \$567,162.00. Moneys disbursed on capital expenditures, chiefly to provide improvements to existing departmental properties such as bird farms and fish hatcheries, will amount to approximately \$17,000.00, indicating a total departmental expenditure for all purposes during this period of slightly more than \$584,000.

The foregoing figures indicate a surplus of revenue over expenditure amounting to possibly \$326,000.00 as applied to our operations for the year, due largely to the skilful administration of my very good friend, the Provincial Secretary. (Applause.)

The main items of expenditure are those allotted to the fish culture branch for the artificial propagation and distribution of fish, and to the work of enforcement.

In keeping with modern practice the Department maintains and operates twenty-two fish hatcheries scattered throughout the Province in such strategic positions as to afford the widest and most convenient distribution of fish having in mind the very extensive water area to be served. In addition to these fish hatcheries, twelve trout rearing stations and seven rearing locations for black bass are operated.

Among the fish raised and distributed during the year were black bass, maskinonge, speckled trout, brown trout, rainbow trout, yellow pickerel and

lake trout, as well as the entirely commercial species such as herring, whitefish, perch and blue pickerel.

An important Branch of departmental activity is the work of enforcement, and this work was effectively performed by those officers whose duty it is to provide this service, and while it may not be the most enlightening commentary in connection with this branch of the service, attention may be directed to the increased revenue derived during the year from fines and the sale of confiscated articles.

Distribution of game birds was confined entirely to ring-necked pheasants, approximately twenty thousand such birds being liberated in the various townships which have been established as Regulated Game Preserve Areas, and in the Counties of Essex and Kent. Intensification of this branch of our activities was no doubt largely responsible for the additional revenue which resulted from the increased sale of gun licenses.

The opportunities to spend enjoyable vacation periods in Ontario are varied and unique, and the activities of the Game and Fish Department along the lines of maintaining undiminished, and possibly improving, the splendid quality of hunting and fishing available in this Province are responsible in some measure for the attractions afforded, not only to our own residents, but also to that large proportion of our non-resident visitors who are interested in these recreational pastimes.

DEPARTMENT OF HEALTH

The health of the population is one of the most important responsibilities of the Government and one to which it has devoted much attention since assuming office. The cost of rendering this service is considerable and I will briefly enumerate three or four increasing services in this connection.

Tuberculosis Prevention Branch

The activities and expenditures in the Tuberculosis Prevention Branch have greatly increased due to additional responsibilities as shown by the following statistics.

	Number of Staff	Approximate Expenditures	Number of Clinics
Travelling Chest Clinics—			
1934.....	6	\$20,000.00	2
1935.....	12	50,450.00	3
1936.....	15	60,125.00	4
1937.....	22	65,820.00	5
1938.....	26	85,000.00	6
Number of Clinics Conducted—			
1934.....		38	
1935.....		33	
1936.....		113	
1937.....		131	
1938.....		152	
Number of Persons Examined—			
1934.....		3,398	
1935.....		4,781	
1936.....		8,856	
1937.....		11,134	
1938.....		13,591	

Number of New Cases of Tuberculosis Found—

1934.....	.....
1935.....	192
1936.....	421
1937.....	441
1938.....	707

Number of Sanatorium Beds—

1934.....	2,990
1935.....	3,080
1936.....	3,162
1937.....	3,285
1938.....	3,700

Number of Patients Treated in Sanatoria—

1934.....	5,271
1935.....	5,569
1936.....	5,643
1937.....	5,774
1938.....	5,972

Government Share of Maintenance Charges—

1934.....	\$738,397
1935.....	741,538
1936.....	760,506
1937.....	670,860
1938.....	1,136,592(*)

(*) Government assumed municipalities' share, July 1, 1938.

And may I digress here to point out the importance of discovering new cases of tuberculosis? Few people realize how highly communicable tuberculosis is and, when you think that 707 were found to be suffering from this disease, which spreads as rapidly as scarlet fever or anything else, we can understand just how important it is to continue this work. Accordingly, we have arranged the additional beds required for the proper hospital care of those unfortunate people who are discovered to be suffering from tuberculosis. (Applause.)

Laboratories Branch

The number of specimens examined numbered 557,143 in 1938 or an increase of 175,916 over 1934.

Volume of work increased 42% in the Main Laboratory and 61% in the Branches in 1938 over 1934. This resulted in an increase of \$58,225.00 in expenditure, due in part to bacteriological techniques becoming more complicated and time consuming.

The cost of the tissue diagnostic section has increased 62% since 1934, the number of tissues examined increased 94%, cultural examination for primary isolation of tubercle bacilli 192% over 1934.

ONTARIO MENTAL HOSPITALS

Patient population is increasing necessitating additional accommodation, which is being provided. The ratio of staff in 1934 was 1 to 5 patients and to-day is 1 to 5.3 patients.

For the year ending October 31st, 1934, 2,717 patients were admitted to Ontario Hospitals and 1,335 were discharged, this representing a percentage discharge rate, compared to admissions of 49.1%. For the year ended March 31st, 1938, 3,336 patients were admitted to Ontario Hospitals and 2,004 were discharged, a percentage discharge rate, compared to admissions of 60.1%. This represents an increase in the discharge rate as compared to admissions of 11%. We have spent considerable money in providing additional facilities as only in this way will we be able to relieve the burden on the hospitals. Then, it is economy to spend money this way since we cannot effect cures in inadequate buildings. In Hamilton we had to face a situation where there was overcrowding to the extent of 53%, and in London where the buildings were obsolete to the extent of 40 per cent. An illuminating fact in this regard is that, generally speaking—this applies not only to Ontario but to practically every jurisdiction in the world—of five people who enter mental hospitals, four remain there for ever.

DEPARTMENT OF HIGHWAYS

In regard to the activities of this Department, my friends will be interested because of the increased expenditure this year.

The following table showing total highway accidents in the Province of Ontario from 1933 to 1938 indicates a positive reduction in every item:

Year	Number of Accidents	Deaths	Persons Inmured	Property Damage
1933.....	8,634	403	7,877	\$834,442
1934.....	9,645	512	8,990	942,722
1935.....	10,648	560	9,839	1,085,084
1936.....	11,388	546	10,251	1,241,851
1937.....	13,906	766	12,092	1,712,467
1938.....	13,715	640	11,683	1,470,508
	<u>67,936</u>	<u>3,427</u>	<u>60,732</u>	<u>\$7,287,074</u>

In order to further reduce the accident toll the width of road grades has been increased and wherever possible the alignment chosen is that with the least amount of curvature. These improvements are particularly noticeable on main travelled highways in both the North and South sections of the Province as well as on the divided highways in Old Ontario. We have continued our policy of separating highway traffic from railway traffic by the construction of subways or over heads, and also of separating traffic on heavily travelled intersecting roads, as a further safety measure. An experimental section of lighting has been added to our system between Oakville and Toronto with a view to improving night driving conditions, and the results have well warranted the expenditure.

In New Ontario we graded for future pavement 200 miles of road through very difficult country. Pavement was completed on 82 miles and a bituminous gravel surface placed on an additional 47 miles. We also constructed 53 bridges of a major type. A real problem confronts the Department in this northern work in that early construction was intended to serve from a local point almost exclusively. We have found that directness plays a paramount part because of the enormous distances. Tourist traffic will not traverse this northern section unless it can reach its destination with a minimum of time. In the work we are

doing we are obliged to abandon much of the old locations, realigning and regrading. A typical example of an improvement of this kind is the work that is being performed on our great northern highway between Severn Bridge and Timmins, where we will save, because of realignment and improving the grades, a distance of 71 miles between the two points referred to.

In Old Ontario 100 miles of grading was completed, mostly for divided highways. In addition, 80 miles of pavement of various types were built. We also completed 31 bridges, several of which were on divided highways, and were of a dual type. Our dual highway construction was continued in those areas of dense traffic and the grading was 90% completed between St. Catharines and Oshawa.

The construction of roads is a valuable factor in providing employment, as a large portion of the cost is paid in direct wages.

Foreign tourist registration during 1933 showed that 2,004,940 cars crossed the Ontario border. Last year, 2,790,198 cars passed the same points, an increase of 785,258, or almost 40% of an advance. From the information we are able to obtain, we are assured that this vast army of cars came to Ontario because of its road development. Studies made by the Bureau of Statistics to determine as to revenue indicate that at least \$108,000,000 in foreign money was left in this Province. We, therefore, feel satisfied that the expenditure we are making in our highways is well justified. (Applause.) In order to assure a continuance of this tourist traffic, we must provide easy entrances to the Province and we have assisted in the construction of the approaches of two new International bridges, one at Point Edward and the other at Ivy Lea.

The assumption of 1,651 miles of county roads as King's Highways will be of material assistance to the municipalities, as they will thus be relieved of further expense towards their maintenance. Our policy of lightening the burden of road construction in the municipalities has been continued by subsidies to townships and counties. It is estimated that our subsidy to townships this year will amount to \$3,116,000.00, and to the counties, \$2,547,000.00. These figures are particularly striking when one realizes within a comparatively short period the Province has advanced from the stage where they paid no subsidy to municipalities at all to the position where they now pay over 90% of the entire cost of all roads throughout the Province. (Applause.)

SAVINGS OF 20% BY COUNTIES ON KING'S HIGHWAYS

1935-36 (Actual).....	\$ 993,000.00
1936-37 ".....	1,711,000.00
1937-38 ".....	3,729,000.00
1938-39 (Estimated).....	3,026,000.00
	<u>\$9,459,000.00</u>

SAVINGS OF 10% TO TOWNSHIPS BY INCREASED SUBSIDY

1937-1938 (Actual).....	\$ 396,000.00
1938-39 (Estimated).....	624,000.00
	<u>\$1,020,000.00</u>

Pavement must be considered as part of our programme, particularly in the northern part of the Province where many miles of grading have been completed to permit of surfacing. I know that will be good news for my friends from the North. It has been found that tourist traffic will not follow gravel surfaces when they are accustomed to paved highways at home. Some States last year went so far as to warn their motorists to stay away from the northern part of the Province of Ontario until such times as improvement in surfaces might be expected. This condition will be remedied just as fast as funds can be obtained to permit of the work being completed. The Department of Highways is quite seized with the desirability of providing the northern part of the Province with paved highways at the earliest possible time and will continue the present high standard being set so that in the final analysis work throughout the entire Province will be brought to the same quality, regardless of location. (Applause.)

Total King's Highways at end of 1933.....	3,016.39 Miles
“ “ “ “ “ “ 1938.....	7,188.17 “
Total King's Highways paved 1933.....	2,219.42 “
“ “ “ “ 1938.....	3,348.88 “

I might add that we have endeavoured to carry on, not only an educational campaign with respect to safety for highway traffic, but we have tried to eliminate all dangerous curves in the densely travelled sections; and the result of that may be shown now because I am able to report to the honourable members of this House that, while in 1937 there were 13,906 accidents, in 1938 there were only 13,715; and, whereas in 1937, there were 766 deaths from highway accidents, in 1938 there were only 640 deaths.

In reference to the surfacing of roads, I made reference in a debate the other day to an experience I had when I was away on my Arctic expedition. Many American drivers who had travelled through the Northern section of Ontario told me that they would never go back that way because of the dust they had to inhale on gravel surfaces. Therefore, if we are going to continue to enjoy the visits of those tourists, we will have to pave those gravel highways in Northern Ontario.

DEPARTMENT OF LABOUR

I come now to the Department of Labour, which is becoming an increasingly important part of this Government.

All Branches of the Department of Labour increased their services to the public during the past fiscal year.

The task of establishing fair and proper wages is being carried on with a view to protecting workers and eliminating the practice of unfair competition among some employers in the Province, and better conditions have been maintained in industry through the efforts of the inspection staff. Since January the annual inspection of uninsured boilers and other pressure vessels has been undertaken by qualified inspectors of this Department, which change should result in increased revenue to the Government, as well as make for safety in the

operation of power plants. There was an increase of more than 25 per cent. in the number of examinations held by the Board of Examiners of Operating Engineers and an increase in the number of plant registration certificates issued by the Board.

The report of the Apprenticeship Branch indicates that considerable progress is being made in re-establishing apprenticeship as the means of teaching young men and women the various trades. The number of apprentices indentured has increased from 319 in 1934 to 1,409 in 1939, the last figure being an increase of over 27 per cent. as compared with last year.

The extension of the conciliation services of the Department of Labour has resulted in a decided decrease in the losses of the people of the Province because of strikes. This fiscal year there has been less than *one-quarter* the amount of time-loss due to strikes, as compared with last year. The Chief Conciliation Officer has negotiated increasing numbers of agreements which provide wages, hours and conditions of labour satisfactory to both employers and employees, and through the conciliation service strikes are being settled more quickly than formerly. The establishment of schedules pursuant to The Industrial Standards Act is another factor making for industrial peace, since there has been no strike in connection with wages and hours in any industry where schedules are in force. At present there are 85 such schedules operating which affect approximately 33,000 workers. And, in all respect, I want at this point to give due credit to the former Minister of Labour (Mr. Roebuck), whose "baby" this is. (Applause.)

Approximately 120,000 placements have been made by the Ontario Government Offices of the Employment Service of Canada during the fiscal year, and a large proportion of this number were placements of young persons between the ages of 18 and 30. New Branches of the Service were opened at Owen Sound, Welland and Simcoe, and a Branch of the Toronto Office was established in York Township to serve the District north of the city.

The Department of Labour has taken a very active part in the work of the Dominion-Provincial Youth Training Programme, and many young people of this Province are taking advantage of the instruction offered. The courses are varied and are planned with a view to meeting the need for skilled workers. Since the inception of the Programme approximately 4,608 young persons, both boys and girls, have been assisted in training for useful occupations, and 3,038 of them have been placed in employment at the completion of their course of training, or have jobs waiting for them. Of those trained *this fiscal year*, approximately 87 per cent. have been placed in employment, which may be considered a very high percentage.

The particularly favourable record of the Province of Ontario in the matter of placements under this plan is emphasized by the following comparative table which shows, both for this Province and for the Dominion of Canada as a whole in so far as the necessary figures are available, the total number assisted, the number placed in employment, and the percentage of placements during the fiscal years 1937-1938, and 1938-1939. These figures are illuminating, and I will ask my honourable friend from Kingston (Mr. Kidd) to pay particular attention, because this is the information he was asking for the other day.

DOMINION-PROVINCIAL YOUTH TRAINING PROGRAMME

1937-1938—Dominion: 55,457 assisted.

3,282 placed in employment.

Dominion Placements approximately 6%.

1937-1938—Ontario: 2,934 assisted.

1,474 placed in employment.

Ontario Placements approximately 53%.

1938-1939—Dominion: Department of Labour at Ottawa has absolutely declined to give required information at this date.

1938-1939—Ontario: 1,674 assisted.

1,389 placed in employment (plus 175 who have been selected by employers for placement when training course completed).

Ontario Placements approximately 87%. (Applause.)

You will note that in 1937-1938 Dominion placements amounted to only six per cent. That indicates a waste of money, because there is no use of training these young people unless jobs are available for them when they are trained.

DEPARTMENT OF LANDS AND FORESTS

The general trend during the earlier part of the year 1937 justified confidence in the future for paper products, and resulted in a number of agreements covering pulpwood limits to be developed under adequate measures requiring the construction of pulp plants and the cutting of timber in accordance with approved forestry methods.

However, due to the unfortunate turn of European events and the consequent protracted uncertainty of market conditions, the expected developments have not been fully realized. Notwithstanding the adverse world conditions, several of the companies with whom agreements have been consummated have already expended large sums of money and are proceeding with important undertakings, three of these companies having already made a capital expenditure in excess of one million dollars, in addition to one million dollars in wages and other items, the Crown from these three alone having received \$398,000 in revenue.

The over-stocking of newsprint by publishers during the 1937-38 season, with a subsequent reduction in the consumption of this commodity throughout the American continent, considerably reduced the demand for wood and the bush operations during the past fiscal year, which fact will be reflected in the proportionate reduction in the stumpage revenue of the Department for the year 1939-40.

There has been a steady improvement in current collections during the last six years, with the result that the gross revenue of the Department of Lands and Forests by the end of the present fiscal year will be over \$4,600,000, the largest in ten years, and possibly the third largest in the history of the Department, now over 110 years in existence. (Applause.)

TEMISKAMING AND NORTHERN ONTARIO RAILWAY

When the present Government took over the Temiskaming and Northern Ontario Railway in 1934, it was found that the Province had invested in the Railway \$30,207,934.92; and in addition the Province had advanced to the Railway a temporary loan of \$7,000,000.00, on which latter amount the Railway was paying interest. Satisfactory arrangements were made by the Commission with its Bankers, whereby the Railway repaid this \$7,000,000.00 to the Government; and the policy was adopted by the Government of permitting the Railway to pay off its Bank indebtedness from surplus earnings, something new in the history of this railway, which shows how a railway can be run when you have a man in charge who knows something about railway operation. I refer there particularly to Mr. Cavanaugh. When I appointed him to that position, I did not know his politics or how he voted, but a man with that intelligence, I suppose, would ordinarily vote Liberal. (Laughter and applause.)

To-day this loan stands at \$3,900,000.00—a reduction of \$3,100,000.

The greatly improved position of the Railway may be noted from the operating results as follows:

Net Income—year ended	October 31st, 1934	\$245,647.25
“ “ “ “	March 31st, 1936	792,012.49
“ “ “ “	March 31st, 1937	1,369,763.21
“ “ “ “	March 31st, 1938	1,266,396.30

For the year ending March 31st, 1939, the Net Income will be approximately \$950,000.00—reflecting the generally lower earnings on all railways this past year.

In addition to reducing the loan as noted, the Railway has commenced retirement of a bond issue of \$6,000,000 floated in 1928, and as well provides for all capital expenditures out of current revenue; so that the Government has not increased its investment in the Railway for a number of years.

Under the former method of financing, the Railway's net earnings were paid into the Consolidated Revenue Fund of the Province, and up to March 31st, 1935, the amount so paid was \$15,333,892.41. Recently a very striking series of articles has appeared in the Globe and Mail calling attention to the very great results which have followed the building of the Temiskaming and Northern Ontario Railway by the Province.

The Province has invested \$30,000,000.00, but in so doing it tapped a stream of wealth which approximated One Billion, two hundred million dollars by October 31st,

Directly as a result of the building of this Railway, Toronto has become one of the greatest mining centres of the world and the entire outlook of the City has been changed.

The Management of the Railway is keeping in view modern developments in transportation and is contemplating the inauguration in the near future of a Bus Service as an auxiliary to the rail service between North Bay and Timmins, with connecting branch line Bus Service, to points off the main highway, where such services may appear necessary.

THE MINING INDUSTRY

During 1938 the mining industry of the Province maintained its position in a highly satisfactory manner. The total value of the minerals of all kinds produced in Canada in 1938 was approximately \$445,000,000, of which this Province produced over \$221,000,000, or almost 50%.

Our chief products are gold, nickel, copper, and natural gas, and, in addition, we produce considerable platinum and its associated metals. Every one of these, except nickel, showed an increase in quantity of production in 1938 as compared with 1937.

Gold production in 1937 had a value of 90.5 millions of dollars, whereas the value for 1938 was 101.9 millions of dollars, a gain of almost 12.6%. Ontario's gold production for 1938 accounts for over 60% of the entire gold production of the Dominion of Canada for that year.

The values for nickel, copper, and platinum and its related metals were down somewhat from the previous year due largely to the lower prices for copper and the metals of the platinum group. Nevertheless, the value of nickel produced was 53.9 millions of dollars; copper, 31.9 millions of dollars; and platinum and its associated metals, 8.9 millions.

Considerable progress was made in the construction of the plant at the Helen Iron Ore Mine in the Michipicoten District, as a result of which it is anticipated that by the middle of the summer this plant will be producing iron ore suitable for furnace treatment at the rate of 300,000 tons per year.

Preliminary investigation of a discovery of high-grade hematite iron ore in the bed of Steep Rock Lake, west of Port Arthur, is of an encouraging nature. Further investigation of this occurrence is being carried on which, it is hoped, may confirm the size and grade of this deposit with possible important results to our iron and steel industries.

The mining industry has played a very important part in the problem of unemployment. There are at present approximately 34,000 men actually engaged at our mines all drawing good wages. In 1937, the last year for which statistics are available, the wages of labour employed in mining amounted to approximately \$50,000,000. During the same year the mines of Ontario expended \$60,000,000 for machinery, supplies and services, including transportation, making a total of \$110,000,000. These figures afford some estimate of the importance of the industry to our farmers, manufacturers, and the general welfare of the Province.

Dividends paid to shareholders of mining companies in 1938 amounted to 64.8 millions of dollars. This figure is somewhat lower than that for 1937, corresponding to the somewhat lower prices for base metals.

DEPARTMENT OF MUNICIPAL AFFAIRS

Now, Mr. Speaker, I have dealt with some of the important departments of the Government and I am now about to discuss a new department which, to my way of thinking, is now performing the most important function of the

Government and which reflects more than any other department the considered policy of this administration. I refer to the Department of Municipal Affairs. (Applause.)

Faced with a widespread demand for improvement in the system of Municipal Government by means of a more centralized control, the Department was formed in 1934 when this Government came into power, and the Department of Municipal Affairs Act, creating its authority and outlining its functions was passed in 1935.

While the people of this Province were fully seized four years ago with the need for a Department of the Government of this character, the trend of conditions since that time has placed additional emphasis on this need, with a result that the Department is being called on more and more each day to assist and advise municipalities.

Marked progress has been made by the Department in implementing improvements in the finances of municipalities and in their general administration. This is particularly evident in the case of the 34 supervised municipalities in Ontario which have shown marked improvement during the past year. It is most gratifying in this respect to note the number that have now effected agreements with creditors and are again meeting their obligations as and when due.

In my budget speech in March of last year, I reported that eight of these municipalities had completed refunding plans. During the ensuing twelve months, this number has now been increased to fifteen and plans are immediately pending, some of which are even in process of negotiation with creditors for six other municipalities.

That these municipalities have been able to refund their obligations reflects, in itself, an improvement in their financial position that has been experienced. In the case of the remaining municipalities, while the possibilities of refunding have been under preliminary survey and consideration for some time past, their position is such that it has not been deemed either timely or warranted to formulate any definite proposals in that regard. It is anticipated, however that during the current year, a further number of municipalities will be taken from the defaulter's list, and that most of the others will be in process of having refunding plans prepared.

Notwithstanding that these fifteen municipalities have now emerged from default in the strict sense of the word, the Department is still exercising a measure of modified control over their affairs. Such has been limited for the most part, however, to approving the yearly budget after conference and agreement with the municipal officials, and then to see that the budget is adhered to. In most cases this modified type of supervision has been requested by the municipalities themselves, rather than forced upon them as some would have you believe, it being recognized that the guiding hand of the Department plays no small part in their financial stability and in addition affords them a degree of guidance in administrative and other matters that otherwise would not be obtained.

Evidence of the high regard held with respect to the financial position of

these municipalities and of the increasing confidence that prevails generally with respect to municipal credit may be had from the fact that a number of them have since been able to issue debentures at par or even better.

Similar improvement to that mentioned in the foregoing has also been experienced by municipalities generally throughout the Province. It is with regard to these non-supervised municipalities that a greater part of the Department's time is now being directed. The principal problems that are receiving attention in this regard are those with respect to assessment, budgeting, accounting, auditing, and general municipal procedure.

The foundation for this work has now been laid, however, through the facilities of the Department that are now available to all municipalities. As a further impetus to this important work, the Department has co-operated with the University of Western Ontario, London, Queen's University, Kingston, and the University of Toronto, in conducting Schools for Municipal Officials.

Representatives from the Department have taken part in all of these courses of instruction and an enviable measure of success has been experienced in every case.

The Department is also working in co-operation with the Municipal Finance Officers Association in conducting research work on municipal accounting with a view to having prepared a "Manual of Municipal Accounting" for the immediate use of towns and villages. It is further proposed to extend this Manual for use by other municipalities with the expectation of placing general accounting practice on a more substantial basis than has obtained in the past.

The introduction of such a reference text in Ontario should tend to both standardize and improve the quality of accounting systems as well as budgetary control and procedure to the benefit of all concerned and will make it possible for the Department to secure more uniform reports from municipalities with respect to their affairs.

It will be readily seen from this brief outline what accomplishments have been experienced to date. To achieve the final goal in this regard, however, means continued application to the work for some time yet to come.

The Annual Report of Municipal Statistics, published by the Department has been substantially improved over previous issues, and experience to date indicates quite forcibly that this Report satisfies a long felt need for some central agency through which financial as well as statistical and other information pertaining to municipalities and their administration may be obtained.

In addition to the foregoing, the facilities of the Department are also utilized largely for the study of proposed changes and improvements in municipal legislation. At the close of each session of the Legislature, a bulletin summarizing legislation enacted pertaining to municipalities, is distributed by the Department. This has proven to be very helpful to municipal officials in keeping abreast of changes and developments in the law affecting Ontario municipalities.

In reviewing the activities of the Department of Municipal Affairs, reference

was made to the improved financial outlook of municipalities in Ontario. Let us now examine this improvement from a dollars and cents viewpoint and see what the effect has been on the taxpayer's pocketbook.

Until a few years ago, municipal assessment, debt and taxation increased almost steadily. In 1926 when the assessed population of Ontario was 2,941,437, the taxable assessed value was \$2,806,911,000. By the end of 1935, the population had risen to 3,321,618, an increase of 380,181 or 12.9%, and assessed value had increased \$193,925,000 to \$3,000,836,000 or 6.9%.

During this period debenture debts increased from \$413,475,000 to \$461,653,000 or by approximately 11.7% with the net debt (after deducting sinking funds) increasing from \$356,431,000 to \$404,819,000 or by almost 14%. Taxation also showed a corresponding jump, being \$102,146,000 for 1926 and \$117,466,000 for 1935, an increase of \$15,320,000 or 15%. These references to taxation include levies for school purposes which when excluded, produce even more startling results, in that the increase for the period was \$18,050,000, or almost 28%, general municipal taxation for 1926 being only \$64,859,000 and for 1935, \$82,909,000.

From 1935 to 1937, however, as the result of the policies of the Government, a worthy and noted improvement has been experienced in each instance. While the assessed population for the Province has increased by 56,214 to 3,377,832, or approximately 1.7% in this period, assessed values declined \$81,569,000 to \$2,919,267,000 or 2.7%. Gross debenture debt decreased \$35,909,000 to \$425,744,000, or 7.8%, and the net debt (after deducting sinking funds) decreased \$38,904,000 to \$365,915,000 or 9.6%.

Taxation also reflects this downward trend, such being reduced by \$961,000 during the period down to \$116,505,000. Exclusive of educational or school levies, the reduction in taxation for this period is even more gratifying, general municipal taxes being reduced by \$4,348,000 to \$78,561,000 or 5.2%.

One may justly ask how it is that with such a substantial reduction in debt over this period, there is not a proportionate drop in taxation due to reduced carrying charges. The answer is simply this: that while repayments of principal and interests are made each year on the debt, the annual cost to the taxpayer for debt service charges of both principal and interest combined, remains the same until the whole of an issue is repaid.

This applies not only to the serial type of debenture but also to those issued on the sinking fund plan. In the former case, the municipality provides an equal annual payment covering both interest charges and principal repayments during the whole term of the issue, and while the interest charges reduce each year, the principal repayments correspondingly increase. In the latter instance there is both a fixed payment of interest and payment into the sinking fund during the term of the debenture.

This reduction in taxation on real estate has been possible notwithstanding increased costs for social services and unemployment relief, the demands for which in the last few years have threatened the very foundation of governmental financial structures, both provincial and municipal. This government has

recognized the dire need for remedial measures to alleviate the ever-increasing burden of taxation on real property, which until 1936 was, for the most part, placed upon the municipalities by the Provincial government and it was only in 1937, when the finances of the Province were placed in order, that definite steps were taken to correct this situation.

What, then, has been done by this government to assist the municipalities? In the first place, it has assumed certain costs that formerly were a responsibility of the municipalities, and secondly it increased and paid subsidies out of its own surpluses.

By reason of the assumption of these services and payment of subsidies by the Province, the municipalities generally have been able to reduce taxation which otherwise would not have been possible.

The role played by the Department of Municipal Affairs in the municipal sphere to-day has also been a contributing factor to this improved position. Its control, assistance and advice to municipalities has produced unquestionable advantages, which are generally recognized throughout the Province. The municipalities themselves are also well-deserving of mention at this time for their own co-operative efforts with those of the Municipal Department and the Government in facing this grievous problem, the combined results of which speak for themselves.

In the matter of municipal debt reduction, the results experienced in this Province are exemplary to say the least. Possibly the leading factor in this respect has been the functions of the Ontario Municipal Board. One of its most important responsibilities is the control and jurisdiction it exercises over capital expenditures of municipalities and the issue of debentures. The effect of requiring the consent and approval of the Board to such matters has had a steadying influence on municipalities generally and has resulted in curtailment of more or less haphazard extension of municipal services involving increase in the capital debt, such as has been experienced in the past.

The Board's policy in this regard has been to scrutinize carefully all applications for permission to incur additional debt with a view to limiting its approval to only those cases where the contemplated services are absolutely essential, and further where it is within the competence of the municipality to meet the increased burden of debt carrying charges without impairing or jeopardizing its credit position.

UNEMPLOYMENT RELIEF

The cost of unemployment relief in the Province of Ontario in the calendar year 1938 reflected an improvement in unemployment conditions. Costs for that year were \$21,583,027 as against \$22,332,537 for the year 1937. In the year 1938, the total cumulative numbers assisted were 2,741,986, or an average monthly figure of 228,499. In the year 1937 total cumulative numbers assisted were 2,879,988, or an average monthly figure of 239,999.

The relative costs and percentages borne by the three contributing authorities were as follows:

	1938		1937	
Provincial	\$ 9,941,038.00	46.06%	\$10,077,975.37	45.13%
Dominion	5,580,000.00	25.85%	7,044,750.00	31.54%
Municipal	6,061,989.06	28.09%	5,209,811.97	23.33%
	<u>\$21,583,027.06</u>	<u>100.00%</u>	<u>\$22,332,537.34</u>	<u>100.00%</u>

You will note the Dominion cut its contribution to 25 per cent. In other words, they gave us so much money and they said, "Here is the alimony. You raise the child."

There are 901 organized municipalities in Ontario. Of these the Province contributed to 673 municipalities towards unemployment relief costs.

The Dominion Government continued its method of contribution by way of a monthly grant which amounted to \$465,000 per month. The Province, after many conferences with the Dominion authorities, was successful in having the Dominion alter their contribution from a monthly grant-in-aid basis of \$465,000 to a grant of 40% of total monthly relief costs; this new arrangement to be effective from April 1st, 1939. The percentages of contribution in 1938, as previously stated, were: Province, 46.06%; Dominion, 25.85%; and Municipal, 28.09%. As of April 1st, 1939, the percentages will be: Province, 40%; Dominion, 40%; and Municipal, 20%. A general election is in sight, so we are to get what we have been asking for for the last two and a half years.

The new plan of distribution of direct relief costs will mean a considerable saving to municipalities. It is estimated that in 1939, gross relief costs will be approximately \$22,700,000. On the basis of contribution in 1938, the municipal share for 1939 would have been \$6,376,430. Under the combined rates of 60-40 for January, February and March and 40-40-20 for April to December the municipal share for 1939 will be \$5,469,400, or a saving of over \$900,000.00.

The Province, in the past year, carried on investigations in the City of Ottawa, with a view to assisting this municipality in reducing its relief burden. As a result of Provincial assistance in this one municipality, gross relief costs in the year 1938 were reduced by the sum of \$436,076.84 under 1937. Other municipalities where the Province has been directly assisting also show a marked improvement over the previous year.

At the present time the Province is carrying on an investigation in the City of Toronto with a view to assisting this municipality in decreasing expenditures for Unemployment Relief.

The Department of Public Welfare has continued the Home Service Training Schools under the Dominion-Provincial Youth Training Programme. During the year, 612 girls were admitted to courses of instruction. 516 girls were placed in positions during the year 1938.

DEPARTMENT OF THE PROVINCIAL SECRETARY**Reformatories and Prisons Branch**

Because of the increased number of prisoners sentenced to Penal Institutions during recent months, it has been necessary to provide additional accommodation, a very regrettable thing. Therefore, an Industrial Farm was established at Monteith on the property which for many years was the Northern Academy. Another building at the Ontario Reformatory, Mimico, and one at the Industrial Farm, Burwash, were equipped and occupied. Thus, useful work has been provided for many prisoners.

It is expected that the new cell block providing space for 324 prisoners and now being constructed at the Ontario Reformatory, Guelph, will be completed early this summer. This is not regarded as additional accommodation but will release much housing space for other reformatory purposes.

Material improvements in the buildings, equipment, staffs, and general work have been made in many of the other Penal Institutions.

The majority of the prisoners are young, but many are irresponsible and some are vicious. It has been necessary to keep staffs at full strength to give proper training and maintain good discipline and provide safe custody. In this regard, I know my hon. friend, the Provincial Secretary, has had the disagreeable task of letting out a number of men who had served the institution for many years, but whose age and capabilities prevented them from supervising these prisoners to whom I have referred.

The unfortunate increase in juvenile delinquency has resulted in more boys and girls being sent to the Training Schools and Industrial Schools. This has increased the total grant to the Industrial Schools and the maintenance cost in the Training Schools.

However, the policy of shortening the time spent in these Schools and in placing these children in selected foster homes has been very successful in again placing them on the path of good citizenship, and has at the same time avoided the necessity of capital expenditure for additional buildings.

AGRICULTURAL DEVELOPMENT BOARD

Now, we come to the Agricultural Development Board, and I want my hon. friends opposite to listen to this extraordinary story.

You will recall that the Agricultural Development Board, which was brought into being for the purpose of making loans to farmers by way of first mortgages, was dissolved in the fall of 1935 and was succeeded by what is known as the Department of the Commissioner of Agricultural Loans. The duties of the latter Department since the discontinuance of loans, may be described as that of liquidators with the authority to collect outstanding loans.

When we took office, we discontinued the making of loans and placed a

liquidator in charge in order to clean up the terrible mess in which we found this Department. On February 28th, 1939, the books of this Commission show:

Number of loans.....	15,615
Principal.....	\$41,079,059.14
Farms repossessed.....	3,978,608.12
	<hr/>
	\$45,057,667.26

Your attention is drawn to the fact that out of the total of 15,615 loans, there are 8,799 loans in arrears of principal and interest, but in order to assist our mortgagors we have re-amortized 3,538 loans and extended their payments for a period of from 20 to 30 years. This would indicate that out of a total of 15,615 loans, there were 12,337 loans in arrears of principal and interest. The following figures will indicate the exact condition:

Total number of loans.....	15,615
Arrears of principal.....	\$3,421,737.03
Arrears of interest.....	\$2,721,581.65
Loans re-amortized.....	3,538
Interest added to principal.....	\$2,060,094.35

The number of loans reduced by the Farmers' Creditors Arrangement Act showing loss of principal and loss of interest as of February 28th, 1939, is as follows:

Number of loans.....	587
Loss in principal.....	\$144,951.11
Loss in interest.....	549,910.23
	<hr/>
Total.....	\$694,861.34

Certain of these individuals made application to have their debt adjusted before the Farmers' Creditors Arrangement Board and, as a result, their loans were written down, with respect to interest and principal, by over \$694,000, and I want to point out that the Province did not attempt to defend its position but was quite willing to submit to that procedure.

The above dismal picture of this Department with the ultimate loss to the tax payers of the Province, is due chiefly to the maladministration and lack of foresight on the part of the past Provincial Governments. What happens to tax payers when Governments fail to look ahead, is strikingly revealed by these figures. The story as revealed by the operations of the defunct Agricultural Development Board is a perfect example of the inefficiency and wastefulness of Governments in business.

The duty imposed on this Commission is, to say the least, a distressing one for those who are given the responsibility of endeavouring to liquidate the present outstanding loans. If these loans had been made solely on their merits and on valuations which existed in the pre-depression days, some justification could be made for this expenditure of monies, but our records indicate that the greatest sums were loaned in the years 1930, 1931, 1932 and 1933, a peak being

reached in 1933 when the Government actually approved of and loaned \$8,516,305.28. It may be suggested that these loans were made at this particular time in an effort to stem the tide of the depression which had particularly befallen the agricultural community, but an analysis reveals the fact that over 2,000 increased loans were made during the years 1930 to 1934 which gave no new money to the original mortgagors, but simply served the purpose of paying their arrears of principal and interest and was returned to the Treasury Department as payments on outstanding interest. It may be well to elucidate on these transactions by the following example.

A loan of say \$10,000.00 made in 1930 and in 1932 foreclosure proceedings commenced with the loan standing as follows:—

Principal unpaid.....	\$10,000.00
Interest unpaid.....	2,000.00
	<hr/>
	\$12,000.00

An additional loan of \$12,000.00 would be made which would have the purpose of paying off the mortgagor's unpaid interest of \$2,000.00 and placing his loan in good standing. In other words, the farmer then went out and said to himself. "Well, thank God, that's paid off." (Laughter.)

It meant merely cross entries between the Treasury Department who advanced the money and the Agricultural Development Board. The farmer received no additional capital and was merely encouraged to fool the Government by not being asked to repay the money originally loaned.

It was pointed out that of a total of 15,615 loans, 12,924 mortgages are in arrears of either principal or interest, or both. This condition is not a true picture of the farming industry as a whole. It is common knowledge that the farming industry has undergone very difficult times, but despite the fact that farmers are producing under higher costs and receiving low prices for their produce, it is not fair to assume that 12,924 farmers who are in arrears out of a total of 15,615 farmers, represent a true picture of farming conditions. All the evidence shows that a great many of this army of 12,924 were grossly deceived by the granting of unreasonable credit.

There are cases on our files which show that some farmers not only received one increased loan, but received as many as four and sometimes five increased loans, the new money being granted for the purpose of absorbing their arrears only, and displaying a better balance sheet to the Government in power at that time.

In the Budget Speech of 1936, attention was drawn to a mortgage granted on an Island of 350 acres lying about one mile off the shore of Prince Edward County. A Toronto broker was given a loan of \$7,000.00 on this Island although grave doubt existed as to how any Government representative could make a proper valuation of this place as reports would indicate that in the Spring, Autumn and Winter, the water was too rough to approach the Island and we can only conjecture that the inspector for the Agricultural Development Board must have camped on the mainland and possibly waited for months for an

opportunity to cross in calm water to visit the security and make his report. The Province was compelled to take over this property and through taxes and other costs, this property now stands at \$10,000.00. Every effort has been made to effect a sale of this Island but the only bid of any account which we have received, was a \$500.00 cash offer.

In some cases, the inspectors for the Agricultural Development Board should have been commended for their honesty of purpose. There are hundreds of cases on the books which indicate that they refused to recommend loans, but nevertheless, the loans were granted. If the monies loaned had been disbursed for the purpose of assisting farmers, there might have been some slight justification for some of the loans, but the monies were paid for every purpose other than the assistance and rehabilitation of the farmers. Cheques were made payable to brokers, car dealers, jewellers and many other lines of business of no connection to agriculture, but we did assist the farmers to become bankrupt.

In addition to loans being made to qualified farmers, we see advances made to those who come under classifications with no farming experience whatsoever. Loans were made to bricklayers, trappers, grocers, architects, gentlemen of leisure, tile manufacturers, blacksmiths, hotel companies, auctioneers, cattle buyers, contractors, milliners, tinsmiths, real estate agents, insurance agents, medicine dispensers, electrical engineers, railroad employees, a bootlegger, bankers and tailors, operators of boys' camps, tourist camps, summer resorts. (Laughter.) That is how the money was loaned.

It should also be noted that money was advanced to buy automobiles and pay judgments, satisfy desires of friends, buy houses in villages for relatives, purchase shares in incorporated companies, play the stock market, pay taxes on property for relatives and to buy wedding presents. Advances were made on farms without buildings, stock or equipment. The Agricultural Development Act was not considered a law to be followed as the Act forbade a loan in excess of 50% of the value of the property, but nevertheless, many loans were made in excess of 50%, while in other cases the true values were inflated in order to justify loans of 50%. Instances where funds were advanced for building purposes but no buildings were ever placed on the property, and the money diverted to other channels, are too numerous to mention. Between the years 1929 and 1934, we have on our books, a list of loans of over 500 amounting to \$2,000,000.00 where funds were used for purposes other than farming operations.

Every effort is being made to rectify the grave wrongs which resulted in the present condition of the defunct Agricultural Development Board. Farmers are being given every consideration and assistance, but the task of this Government to liquidate and collect, has been made extremely difficult by reason of the unsatisfactory conditions under which a considerable portion of the loans were made.

ONTARIO SAVINGS OFFICE

On December 31st, 1938, the total deposits amounted to \$40,575,987.00, as compared with \$38,923,945.61 on December 31st, 1937.

On July 1st, 1938, a reduction of one-half of one per cent. ($\frac{1}{2}$ of 1%) in

our interest rates was effected. One branch was opened during the year, and the branches now total twenty-six.

A substantial increase has been made in the number of individual accounts as well as in total deposits. This, in the face of lower interest rates, can only be attributed to the absolute confidence of the public in the Government of Ontario. (Applause.)

For the information of the House, let me state that the rate of interest payable on deposits up to ten thousand dollars is one and one-half per cent. per annum. Amounts in excess of that bear interest at the rate of one per cent. per annum or less, depending upon the amounts on deposit and the conditions of the deposit.

LIQUOR CONTROL BOARD

From Liquor Control Board operations, payments to the Treasury Department have continued at the same high level as during the previous fiscal year, when the sum of \$10,500,000.00 was remitted.

Additional thereto, there will be paid to about 300 municipalities throughout the province approximately \$200,000.00, same being a percentage of their local hotel authority fees. Furthermore, during the year, the Board, with governmental sanction, waived claim to exemption from business assessment and taxation on their various places of business in the province, which resulted in tax payments to the treasurers of municipalities in which liquor stores are situated. So, you see, there again we are sharing our income with the municipalities.

Since the change in provincial administration in 1934, the economies effected and increased revenues derived from Liquor Control Board operations are noteworthy. For example: On October 31st, 1933—the end of the last fiscal year before the present Administration took office—the staff of the Board totalled 1,066, whereas, on February, 1939, the number was 860.

The total expenses of the Board for the twelve months ending October 31st, 1933, were \$2,307,647.16. For the last fiscal year which ended March 31st, 1938, same were \$1,793,685.56, a reduction of \$513,961.60.

Payments by the Liquor Control Board to the Treasury Department during the first-named period were \$5,935,000.00, as compared with \$10,500,000.00 for the last fiscal year. That is because there is no toll-gate now.

Dominion Customs and Excise levies continue to be a major portion of the cost of liquor, and, during the present fiscal year, the Dominion Government will receive in Customs and Excise Duties, Sales and Excise Taxes on our purchases for store sale of spirits, wines and imported beers, about \$6,000,000.00. Excise Duties and Sales Tax on domestic beers which will have been sold in Ontario during the same period will amount to about \$4,600,000.00, and further income from Excise and Sales Taxes on native wine sales from native wine shops will amount to \$150,000.00, making a grand total of Dominion Government revenue from alcoholic beverage sales in Ontario of \$10,750,000.00.

Those who criticise the amount of money spent on beer and liquor in the Province of Ontario sometimes overlook this very important fact that, of the amount spent, twenty some millions of dollars represent taxation paid into the Provincial and Dominion Treasuries.

With respect to the premises of authority holders, it can be stated that the hotel accommodation throughout the province is vastly improved over that existent prior to 1934. An intensive inspection service of all such premises is being continued, and further improvement will unquestionably be made.

While the Board has been stern with those who have shown signs of wayward intentions towards the law, it is a matter of gratification that the large majority of authority holders have recognized their responsibility, and have endeavoured to co-operate in spirit and in letter with the provisions of the law and the regulations which have been established under its authority.

HYDRO-ELECTRIC POWER COMMISSION

RURAL LOANS

The Hydro-Electric Power Commission has been administering matters having to do with "The Rural Power District Loans Act of 1930." Since the passing of this Act up to December 31st, 1938, a total of 1,304 loans have been made to farmers throughout the Province, the total of which loans amounted to \$265,087.00. The principal instalments of these loans, matured to December 31st, 1938, amounted to \$165,996.69, and including interest on the loans to date, the total collected amounted to \$191,036.20. The payments on these loans have been made promptly by the loanees and only a comparatively small percentage of the outstanding loans remain matured and unpaid.

RURAL POWER DISTRICTS

Commencing May 1st, 1938, primary lines were constructed in rural power districts on a reduced basis—from three to two standard farms per mile as a minimum. Applications were received during the year from 14,256 consumers, necessitating the construction of 2,661 miles of new primary line and new transformers, etc.

Practically all guarantees made by rural consumers for the construction of all lines on the basis of three standard farms per mile were eliminated during the year.

It is expected that 11,469 consumers will apply for rural electrical service during 1939, which will require the construction of 2,020 miles of new primary lines and additional transformers, etc.

The amount of rural bonus which the Province has been called upon to provide to the Hydro-Electric Power Commission of Ontario amounted to \$2,419,305, and it is further expected that the Province will be required to pay \$2,000,000 as a bonus for the construction of lines during 1939.

HYDRO BORROWING

The latest bond issue of the Commission—issued August 1st, 1938—was a \$12,500,000, 3%, 10-year issue which was sold to yield 3.24%.

These bonds were issued to provide funds for capital expenditures.

DEPARTMENT OF PUBLIC WELFARE

OLD AGE PENSIONS

In 1937 the municipal contribution of 10 per cent. toward the cost of Old Age Pensions was assumed by the Province. This 10 per cent. amounted, in the fiscal year 1937-38, to \$1,149,135.83. In 1938-39, the 10 per cent. contribution was \$1,170,000. The estimated saving for 1939-40 to the municipalities is \$1,235,000.00. This saving is based on a gross expenditure predicted on the normal increase during recent years. In addition, the Province bears the total cost of administration of the Act, with the exception of work done by the Local Pension Boards which were formed in 1938 to assist in the administration. The majority of members of these Boards serve without remuneration.

PENSIONS FOR THE BLIND

Ontario municipalities have never been called upon to contribute to the cost of Blind Pensions. This is by reason of the fact that the Ontario Government has never passed back to the municipalities the 10 per cent. contribution which would normally have been borne by them under the Old Age Pensions Act, under which Blind Pensions are administered. In 1937-38 municipalities would have had to pay \$4,847.32; in 1938-39, the sum would have been \$24,500.00. The estimated saving for 1939-40 is set at \$26,000.00.

MOTHERS' ALLOWANCES

Previous to 1937 the Province and Municipalities contributed on a fifty-fifty basis to the cost of Mothers' Allowances. In that year municipalities were relieved of this contribution by the Ontario Government. The municipal saving on Mothers' Allowances in 1937-38 was \$2,226,853.50; in 1938-39 it was \$2,263,800.00. It is estimated that in 1939-40 municipalities of the Province will save \$2,320,000.00 on this account. Cost of administration of Mothers' Allowances has always been borne by the Province.

SUMMARY

	Mothers' Allowances	Old Age Pensions	Pensions for the Blind	Total Saving
1937-38	\$2,226,853.50	\$1,149,135.83	\$4,847.32	\$3,380,836.65 (Actual)
1938-39	2,263,800.00	1,170,000.00	24,500.00	3,458,300.00 (11 months Actual 1 month Estimate)
1939-40	2,320,000.00	1,235,000.00	26,000.00	3,581,000.00 (Estimated)

DEPARTMENT OF PUBLIC WORKS

The construction of new Hospital Units has progressed favourably. At St. Thomas, a group of the buildings will be occupied next month, and at Woodstock, the new Children's Unit will be occupied in June. At Brampton and Port Arthur, contracts will be awarded for additional buildings to be erected during the new financial year.

The new Cell Block at the Ontario Reformatory, Guelph, is nearing completion and will be ready for occupancy in two or three months. Additional buildings have been erected at the Industrial Farm, Burwash, and the Institution formerly known as the Northern Academy, Monteith, has been reconstructed for use as an Industrial Farm, and will be operated in conjunction with the Institution at Burwash.

Five new Fish Hatcheries, located at Peterborough, Sandfield, Chatsworth, Muskoka, and New Liskeard have been under construction for the Department of Game and Fisheries to meet the growing demands for restocking the lakes and streams throughout the Province. Four of these Hatcheries are now in operation.

A programme of renovating the District Buildings is being carried out and will be continued in the next financial year.

ORDINARY REVENUE

It has been said, and well said, that one difference between private financing and public financing is this, that, whereas in private financing those in authority necessarily bring their expenditures within income, in the case of a public authority income is often expanded to cover expenditures. In these days we are reading a great deal about the growth of the debt and the increase of taxation. But I would ask the members of this House this question: Have you not observed efforts on the part of public and semi-public bodies to induce this Legislature to either spend more money on this service or that service, or else to refrain from imposing a certain kind of tax?

The public, as a rule, get the sort of government they demand. Scan the columns of the press of to-day and tell me if there is not an insistent demand that we give more to the municipalities, bear a larger share of the cost of education, contribute more to the cost of hospitals, etc., etc., and at the same time criticising this Government for its efforts to collect taxes in the Succession Duty Branch of the Treasury Department, from those who have by deceit and fraud cheated the public purse out of the share of the tax burden that they should have borne by law.

As I have set out to you in the earlier part of this Address, this Government has this year, as in former years, continued to distribute benefits to municipalities with a view to lightening their load, and, as to whether our efforts have been successful, I refer you to the remarks that I have made when dealing with the Department of Municipal Affairs, when I told you that the gross debenture debt of the municipalities decreased from 1935 to 1937, nearly eight per cent. and the net debt, after deducting sinking funds, decreased over nine per cent. in two years.

I now take this opportunity of presenting to the House a detailed statement of gross revenue, showing total collections of \$96,057,788, and with the permission of the House I shall place on record an interim statement for the fiscal year April 1st, 1938 to March 31st, 1939.

INTERIM STATEMENT OF GROSS ORDINARY REVENUE

Fiscal Year April 1, 1938—March 31, 1939

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	Detail	Gross Ordinary Revenue
1—AGRICULTURE.....		\$ 343,094.00
2—ATTORNEY-GENERAL.....		1,037,693.00
3—EDUCATION.....		139,782.00
4—GAME AND FISHERIES.....		902,861.00
5—HEALTH:		
Main Office and Branches.....	\$ 71,825.90	
Hospitals Branch.....	1,345,544.00	
		1,417,369.00
6—HIGHWAYS:		
Main Office.....	9,339.00	
Gasoline Tax.....	18,516,000.00	
Permits, Gas Pumps, etc.....	88,000.00	
Motor Vehicles Branch.....	8,132,000.00	
		26,745,339.00
7—INSURANCE.....		235,972.00
8—LABOUR.....		127,646.00
9—LANDS AND FORESTS:		
Lands Branch.....	686,921.00	
Forests Branch.....	3,854,229.00	
		4,541,150.00
10—LEGISLATION.....		15,011.00
11—MINES.....		3,092,740.00
12—MUNICIPAL AFFAIRS:		
Main Office.....	6,963.00	
Municipal Board.....	4,298.00	
Housing Branch.....	97,038.00	
		108,299.00
13—PRIME MINISTER.....		17,843.00
14—PROVINCIAL SECRETARY:		
Main Office and Registrar-General's Branch.....	404,675.00	
Reformatories and Prisons Branch.....	942,124.00	
		1,346,799.00
15—PROVINCIAL TREASURER:		
Main Office—Subsidy.....	2,941,242.00	
Interest.....	72,835.00	
Liquor Control Board.....	10,500,000.00	
Controller of Revenue Branch:		
Succession Duty.....	15,000,000.00	
Corporation Tax.....	9,535,525.00	
Income Tax.....	6,884,769.00	
Stock Transfer Tax.....	693,275.00	
Land Transfer Tax.....	225,729.00	
Law Stamps.....	400,804.00	
Motion Picture Censorship and Theatre Inspection..	204,639.00	
Savings Office.....	286,640.00	
		46,745,640.00
16—PUBLIC WORKS.....		48,823.00
		\$86,866,061.00
PUBLIC DEBT—Interest.....		9,191,727.00
		\$96,057,788.00

INTERIM SUMMARY

Gross Ordinary Revenue.....	\$96,057,788.00
Less: Gross Ordinary Expenditure (before providing for Unemployment Direct Relief, Provision for Sinking Funds and Maturing Railway Aid Certificates.....)	84,936,038.09
Surplus: (before providing for Unemployment Direct Relief, Provision for Sinking Fund, and Maturing Railway Aid Certificates.....)	11,121,749.91
Less: Unemployment Direct Relief and Administration thereof..	\$9,804,555.00
Provision for Sinking Fund..	992,665.27
Maturing Railway Aid Certificates.....	88,501.64
	10,885,711.91
Interim Surplus.....	\$ 236,038.00

The principal source of revenue this year is from the gasoline tax, and the second largest collection comes from succession duties.

SUCCESSION DUTIES

The Treasury Department is continuing its efforts to collect from old estates the amount of duty believed to have been underpaid. Dealing with the matter of succession duty collections, let me say that I have a public duty to perform. To reopen and re-examine the files of old estates that have been long closed is not a pleasant task, and I assure you it would not be pursued but for the fact that I know it is my duty to clean up this unfortunate situation to which I have fallen heir; and furthermore, in my considered opinion, I have a mandate from the people of the Province of Ontario to carry on and make a thorough job of these investigations. (Applause.)

Within the past few days someone has been kind enough to send me copies of certain articles that have appeared in a publication and which dealt with succession duties. These articles have presented certain criticisms, many of them unfair, levelled against the administration of the Succession Duty branch of the Treasury Department. I believe that more than ninety per cent. of the taxpayers of this Province are solidly behind the Government in its determination to clean up the Succession Duty mess, and that they pay little attention to these one-sided unfair criticisms of the administration of the Succession Duty Act and of the Act itself. (Applause.)

Do these apparently inspired articles contain any reference to the fact that instances are on record of solicitors for estates waiting in the offices of the Treasury Department for the release of succession duty-free bonds from one estate in order that they might take them downtown and put them in as assets of another estate and claim a second, a third or even a fourth exemption on the same bonds?

Do they contain any reference to the fact that investigation has proved that so-called succession duty-free bonds were put in for exemption and exemption allowed when the bonds by law were not exempt? Why is not mention made of the well-known fact that agents of estates have purchased succession duty-free

bonds to be included in the assets of the estate of a deceased taxpayer, which purchases were made after that taxpayer had breathed his last?

Do they mention the case of a taxpayer who deliberately set out years before his death to defraud the Province of Succession Duties by pretending that the grandmother of his sons had bequeathed them a large sum—hundreds of thousands of dollars—of money, and he even fooled his sons by pretending that this was their grandmother's money, whereas it was his own, and he borrowed both the income and the capital during his lifetime in order to cheat both the Succession Duties branch and the Income Tax at Ottawa?

Talk about the revaluation of the assets of estates: A typical case came before me some months ago where the value of the shares of a company, the majority of which were held by the late president, was placed at three hundred dollars per share, notwithstanding the fact that Treasury officials found among the papers of the deceased president a copy of a letter in which a few months before his death he had refused over one thousand dollars per share for his holdings, and which holdings were later sold at nearly fifteen hundred dollars per share, or five times the value declared for duty.

I give you another example of the tactics adopted by some of these oppressed beneficiaries to evade payment of succession duty. In the case of one estate, one of the grandchildren signed an affidavit to the effect that he had received no gifts whatsoever from the deceased, save and except what a grandparent might have given to his or her grandchild for education, maintenance and support. Investigation revealed the fact that this particular grandchild had received in gifts during the lifetime of the deceased a sum in excess of \$87,000.

Deception is not confined to the beneficiaries. Even trust companies have not been wholly innocent. There is a case before the Treasury Department at this time where a representative of a Trust Company wrote two separate letters to the relatives of the deceased taxpayer. One letter was marked "official" and the other "personal." A copy of the official letter was furnished to the Department. The personal or unofficial letter was full of suggestions as to how to avoid payment of proper succession duties and concluded with the warning that—

"If the statement shows that on the (blank date) these shares had a little marketable value, do not send it to me but tell me that the books fell into a volcano or something of the kind." (Laughter.)

Do these newspaper articles contain any reference to the fact that it was not an uncommon practice of certain executors and beneficiaries to obtain by trickery the release of bonds and securities from banks and trust companies and to avoid reporting these assets for succession duty? Of course no mention is made of these frauds practised upon the Department, which resulted in the loss of scores of millions of dollars of revenue to the Province.

Certainly there is no such mention made. It appears preferable to hold up conniving executors and beneficiaries as ill-treated, oppressed people and, by implication, charge this Government with trampling upon the rights of the taxpayers. Well, if anyone here or elsewhere wants to champion tax evaders

who resort to deceit and trickery and fraud, let him stand up and do it. Or if any paper thinks it can please a certain select group of its subscribers by abusing this Government for doing its duty, let it continue. Such unwarranted attacks will avail nothing.

We will this year collect fifteen million dollars in succession duties. Next year we hope to collect seventeen million dollars. As Treasurer of this Province, let me say that I have put my hand to the plough and that I will finish the job of investigating returns where fraud is suspected, to the end that all taxes rightfully belonging to this Province shall be collected, wherever found unpaid. (Applause.)

ORDINARY EXPENDITURES

It is not my intention to further occupy the time of the House in dealing with the ordinary expenditures at this juncture. With the permission of the House, I will place on the record an interim statement of the gross ordinary expenditure for the present fiscal year. The total of these expenditures reaches the sum of \$95,821,750.

INTERIM STATEMENT OF GROSS ORDINARY EXPENDITURE

Fiscal Year April 1, 1938—March 31, 1939

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	Detail	Gross Ordinary Expenditure
1—AGRICULTURE.....		\$ 2,170,172.00
2—ATTORNEY-GENERAL.....		2,814,478.00
3—EDUCATION.....		12,732,136.00
4—GAME AND FISHERIES.....		567,163.00
5—HEALTH:		
Main Office and Branches.....	\$ 999,989.00	
Hospitals Branch.....	8,329,109.00	
		9,329,098.00
6—HIGHWAYS.....		8,152,885.00
7—INSURANCE.....		66,575.00
8—LABOUR.....		629,491.00
9—LANDS AND FORESTS:		
Lands Branch.....	219,952.00	
Forests Branch.....	1,996,831.00	
		2,216,783.00
10—LEGISLATION.....		272,998.00
11—LIEUTENANT-GOVERNOR.....		9,500.00
12—MINES.....		382,542.00
13—MUNICIPAL AFFAIRS.....		3,282,556.00
14—PRIME MINISTER.....		175,129.00
15—PROVINCIAL AUDITOR.....		114,700.00
16—PROVINCIAL SECRETARY:		
Main Office and Registrar-General's Branch.....	123,536.00	
Reformatories and Prisons Branch.....	2,162,893.00	
		2,286,429.00
17—PROVINCIAL TREASURER:		
Main Office.....	543,068.00	
Budget Committee Office.....	10,687.00	
Controller of Revenue Branch.....	474,248.00	
Motion Picture Censorship and Theatre Inspection Branch.....	34,409.00	
Post Office.....	146,233.00	
Savings Office.....	286,640.00	
		1,495,285.00

DEPARTMENT	Detail	Gross Ordinary Expenditure
18—PUBLIC WELFARE:		
Main Office and Branches.....	392,820.00	
Old Age Pensions Commission.....	3,387,850.00	
Mothers' Allowances Commission.....	5,152,362.00	
		8,933,032.00
19—PUBLIC WORKS.....		825,609.00
MISCELLANEOUS.....		17,926.00
STATIONERY ACCOUNT.....		35,341.00
		\$56,509,828.00
PUBLIC DEBT—Interest, Exchange, etc.....		29,507,367.00
		\$86,017,195.00
ADD: Unemployment Direct Relief and Administration thereof.....		9,804,555.00
		<u>\$95,821,750.00</u>

It is with no small degree of satisfaction that, in this the most difficult of the years that we have endured since the close of the Great War, I am able to summarize the ordinary financial transactions of the Government as follows:

Gross Ordinary Revenue.....	\$96,057,788.00
LESS—Gross Ordinary Expenditure (before providing for Unemployment Direct Relief, Provision for Sinking Funds and Maturing Railway Aid Certificates.....	84,936,038.09
Surplus (before providing for Unemployment Direct Relief, Provision for Sinking Fund, and Maturing Railway Aid Certificates.....	11,121,749.91
LESS—Unemployment Direct Relief and Administration thereof.....	\$9,804,555.00
Provision for Sinking Fund.....	992,655.27
Maturing Railway Aid Certificates.....	88,501.64
	<u>10,885,711.91</u>
INTERIM SURPLUS.....	<u>\$ 236,038.00</u>

So, Mr. Speaker, after charging all items properly chargeable to ordinary account, such as unemployment relief, provision for sinking funds and maturing railway aid certificates, I am able again to announce a surplus, a surplus of over \$236,000. (Loud and prolonged applause from both sides of the House.)

It will be remembered that last year we budgeted for a surplus of \$288,677.99 after giving back a considerable sum to the municipalities, and, while the interim figures are within measurable distance of this amount, I hope that the final results will be as gratifying proportionately as have been the budget forecasts of the last two preceding years.

CAPITAL RECEIPTS

With the permission of the House I shall place upon the records an interim statement of the gross capital receipts made up as follows:

Works and Resources.....	\$ 182,733.00
Loan Repayments.....	14,769,948.00
Trust Fund Deposits.....	1,614,105.00
	<u>\$16,566,786.00</u>

INTERIM STATEMENT OF GROSS CAPITAL RECEIPTS

Fiscal Year April 1, 1938—March 31, 1939

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	GROSS CAPITAL RECEIPTS		
	Works and Resources	Loan Repayments	Trust Fund Deposits
AGRICULTURE.....	\$	\$ 33,734.00	\$ 7,000.00
HIGHWAYS.....	50,272.00	.....	.....
LANDS AND FORESTS:			
Lands Branch.....	54,851.00	.....	.....
Forests Branch.....	3,999.00	.....	.....
MINES.....	58,189.00	.....	.....
MUNICIPAL AFFAIRS.....	.....	266,724.00	.....
PRIME MINISTER:			
Public Service Superannuation Fund.....	.....	.....	1,374,916.00
PROVINCIAL TREASURER:			
Main Office.....	.....	2,653,632.00	232,189.00
Hydro-Electric Power Commission.....	.....	1,824,814.00	.....
PUBLIC WELFARE:			
Old Age and Blind Pensions Commission....	.....	9,949,940.00	.....
Mothers' Allowances Commission.....	.....	41,104.00	.....
PUBLIC WORKS.....	15,422.00	.....	.....
	<u>\$ 182,733.00</u>	<u>\$14,769,948.00</u>	<u>\$1,614,105.00</u>

SUMMARY

Works and Resources.....	\$ 182,733.00
Loan Repayments.....	14,769,948.00
Trust Fund Deposits.....	1,614,105.00
	<u>\$16,566,786.00</u>

CAPITAL PAYMENTS

With the permission of the House I will place upon the records an interim statement of gross capital payments for the fiscal year April 1st, 1938, to March 31st, 1939, made up as follows:

Works and Resources.....	\$44,140,255.00
Loan Advances.....	10,608,359.00
Trust Fund Repayments.....	1,020,571.00
	<u>\$55,769,185.00</u>

INTERIM STATEMENT OF GROSS CAPITAL PAYMENTS

Fiscal Year April 1, 1938—March 31, 1939

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	GROSS CAPITAL PAYMENTS		
	Works and Resources	Loan Advances	Trust Fund Repayments
AGRICULTURE.....	\$	\$ 5,000.00	.....
EDUCATION	65,638.00	.....	.....
GAME AND FISHERIES	15,000.00	.....	.....
HIGHWAYS.....	35,185,810.00	.....	.....
LANDS AND FORESTS			
Lands Branch.....	61,577.00	.....	.....
Forests Branch.....	326,458.00	.....	.....
PRIME MINISTER—			
Public Service Superannuation Fund.....	.....	.....	\$ 784,491.00
PROVINCIAL TREASURER:			
Main Office.....	.....	638,050.00	211,080.00
Hydro-Electric Power Commission.....	3,030,000.00	65,000.00	.....
PUBLIC WELFARE:			
Main Office.....	.....	.....	25,000.00
Dominion Government:			
Old Age and Blind Pensions .....	.....	9,900,309.00	.....
PUBLIC WORKS.....	5,455,772.00	.....	.....
	<u>\$44,140,255.00</u>	<u>\$10,608,359.00</u>	<u>\$1,020,571.00</u>

SUMMARY

Works and Resources	\$44,140,255.00
Loan Advances	10,608,359.00
Trust Fund Repayments	1,020,571.00
	<u>\$55,769,185.00</u>

GROSS PROVINCIAL DEBT

There is an increase in the gross debt of the Province of \$37,500,000.00 and, in reporting this sum to the House, I take this opportunity of making certain observations, not by way of apology, but due to you from me as Treasurer of this Province.

One of the items that bulks large—although not the largest—in the increase in the debt is the expenditure of the sum of \$4,823,000.00 by the Department of Public Works on the construction of more accommodation for the housing and treatment of the unfortunate mentally-ill people of the Province of Ontario. Commissions and investigators have for years condemned some of the buildings which were used to house the unfortunate mentally ill of the Province, and this Government has undertaken to provide proper accommodation where the mentally-ill may be cared for and, where a cure is possible, assured of the best medical treatment available.

In dealing with the Ontario mental hospitals as administered by the Department of Health, I have already given you information as to the need for additional accommodation. The progress of any state may be measured by the care which its citizens afford to the less fortunate portion of the population and,

in the light of this great truth, this Government has undertaken to erect modern fireproof buildings that will safely and comfortably house those unfortunate people who are afflicted with mental illness. The Government is also equipping its newest hospital with the latest and most modern surgical and other scientific appliances available, so that those patients, who might otherwise be without hope, may, if possible, be restored to health and returned to their families and to their normal pursuits of life.

Another item is the expenditure of over \$3,000,000.00 made by this Government to the Hydro-Electric Power Commission of Ontario as the Government's contribution to the cost of extension of rural power lines. As Treasurer of this Province, I am proud to report the fact that we are continuing to extend the benefits of electric light and power to the rural parts of the Province which formerly did not enjoy the conveniences and benefits of this great public project. (Applause.)

The largest item included in the gross capital payments of the Government is that of the construction of highways, a sum exceeding 35 million dollars. Two years ago opponents of this Government went up and down the country and attacked the Government for what they were pleased to call its "do-nothing" policy, claiming that the Government was robbing the motorists by failing to return to them in highway construction and maintenance a dollar of expenditure for every dollar of revenue collected from motorists. Last year, when the Government spent \$34,622,186.12 in highway construction, a great clamour was raised in certain quarters and the statement was made that, while the construction of highways was long overdue, it was simply done as an election programme. During the present fiscal year we have invested in highway construction \$35,185,809.80, and to-day Ontario has more highways and better highways than the rest of the Dominion of Canada put together (applause); and I await with no small degree of curiosity the verdict of our critics as to whether we spent too much or too little. These investments in modern highways have a threefold value to the Province. In the first instance, by constructing new highways instead of repairing obsolete type highways, we have added to the capital value of the assets of the Province. Secondly, we have invested our money in assets that will bring revenue to the Province. For example, the highway revenue for the fiscal year ended October 31st, 1934, amounted to a little over 21 million dollars. This year, with the same rate of gasoline tax and notwithstanding a \$5 per vehicle reduction in license fees and 25 per cent. off truck license fees, the revenue will be approximately 27 million dollars, or an increase of nearly 30 per cent. in revenue, not by the same tax yardstick, but by a lesser tax yardstick.

And, thirdly, without fear of contradiction, I claim that no single expenditure of money adds to the material wealth of this Province, dollar for dollar, as does expenditure on durable, modern, properly built highways. No part of Canada continues to enjoy such a large and increasing share of the invisible revenue that comes to a country by way of tourist expenditure as does the Province of Ontario, and for this fact great credit should go to the Department of Highways. I might even add a fourth advantage, namely, in spite of the serious recession in business, the expenditures of the Province for unemployment relief were no greater than in the previous fiscal year, and this condition is in no small measure attributable to the fact that employment was furnished to labourers and others by reason of the extensive programme of highway development carried on during this fiscal year.

Now, these expenditures, representing, we maintain, a wise economy, cannot be continued indefinitely and, as you will observe from the estimates that I shall later place before you, some curtailment in the highway construction programme may be expected.

I know the House will be interested in a statement of capital expenditures made for the period from November 1st, 1934, to March 31st, 1939, and with your permission I shall place upon the records of the House a detailed statement showing the expenditures, and representing a total of over one hundred and twenty millions.

**STATEMENT OF CAPITAL EXPENDITURES WHICH CORRESPONDINGLY
INCREASE THE CAPITAL ASSETS OF THE PROVINCE FOR THE
PERIOD FROM NOVEMBER 1ST, 1934, TO MARCH 31ST, 1939**

	5 months ended Mar. 31, 1935	Year Ended				Total
		Mar. 31, 1936	Mar. 31, 1937	Mar. 31, 1938	Mar. 31, 1939 (Estimated)	
AGRICULTURE:						
Purchase of Land, Erection of Build- ings, etc.....				\$ 58,978.98	\$	58,978.98
EDUCATION:						
University of Toronto	\$	65,638.43	\$ 65,638.43	65,638.43	\$ 65,638.00	262,553.29
GAME AND FISHERIES:						
Erecting Ponds, Buildings and Dams, Purchase of Land, Buildings, Machin- ery and Equipment		16,139.83	27,997.38	50,554.53	15,000.00	109,691.74
HEALTH:						
Radium Emanation Plant, etc., and Pur- chase of Radium..	\$ 39,567.29	167,035.51	6,559.42			213,162.22
HIGHWAYS:						
Road Construction and Northern Ont- ario Roads.....	11,506,386.39	15,658,944.61	9,459,983.21	34,622,186.12	35,185,810.00	106,433,310.33
LANDS AND FORESTS:						
Reforestation, Sur- veys, Clearing Townsites, Equip- ment, etc.....	97,656.24	290,430.05	415,494.35	312,952.89	388,035.00	1,504,568.53
PROVINCIAL SECRE- TARY:						
Additions and Alter- ations, Guelph and Burwash.....			74,321.92	65,422.62		139,744.54
PUBLIC WORKS:						
Construction of New Buildings, Roads, Bridges, etc.....	335,466.79	263,039.57	219,574.55	2,015,118.07	5,455,772.00	8,288,970.98
PUBLIC WELFARE:						
Retire Bonded In- debtedness, Alexan- dra Industrial School.....		20,000.00				20,000.00
HYDRO-ELECTRIC POWER COMMISSION:						
Bonuses, Rural Transmission Lines	120,000.00	305,000.00	1,000,000.00	1,770,000.00	3,030,000.00	6,225,000.00
MISCELLANEOUS.....		211.84		1,857.38		2,069.22
	\$12,099,076.71	\$16,786,439.84	\$11,269,569.26	\$38,962,709.02	\$44,140,255.00	\$123,258,049.83

FUNDED DEBT OF ONTARIO

The funded debt of the Province, as represented by outstanding debentures, annuities and railway certificates, and after deduction of sinking funds, is estimated as at March 31st, 1939, to be \$596,884,631.74; and constitutes a net increase of \$21,211,930.02 over the figures as at March 31st of last year. With the permission of the House I shall now place upon the records a detailed summary of the estimated changes in the funded debt for the fiscal year under review.

THE FUNDED DEBT OF ONTARIO

Detail Summary of Estimated Changes in Funded Debt
for the Fiscal Year ending March 31st, 1939

As at March 31st, 1938 (after deducting Sinking Funds).....	\$575,672,701.72
ADD—Sale of Debentures—	
TI—4¾% Teachers' and Inspectors' Superannuation Fund—	
Due November 1st, 1942.....	\$ 1,300,000.00
BJ—3% Due November 1st, 1947/50.....	15,000,000.00
RG—3% Due December 1st, 1945/49.....	16,500,000.00
	<u>32,800,000.00</u>
	\$608,472,701.72
LESS—Redemptions—	
At Maturity—	
May 15th, 1938—AL—4%.....	\$ 464,000.00
May 15th, 1938—AP—4½%.....	406,000.00
June 1st, 1938—AX—4%.....	2,000,000.00
June 1st, 1938—AS—4%.....	399,000.00
Aug. 30th, 1938—BD—2½%.....	4,500,000.00
Nov. 1st, 1938—AK—4½%.....	800,000.00
Dec. 1st, 1938—AH—4½%.....	700,000.00
Jan. 15th, 1939—AJ—4½%.....	800,000.00
Jan. 15th, 1939—AR—4½%.....	353,000.00
	<u>\$10,422,000.00</u>
Prior to Maturity—for Cancellation (Succession Duty Free).....	56,600.00
	<u>\$10,478,600.00</u>
Annuities.....	1,875.00
Railway Aid Certificates.....	88,501.54
Sinking Fund Provisions—Current Year.....	1,019,093.44
	<u>11,588,069.98</u>
Estimated as at March 31st, 1939 (after deducting Sinking Funds).....	\$596,884,631.74
Total New Issues.....	\$32,800,000.00
Total Redemptions.....	<u>11,588,069.98</u>
Net Increase.....	<u>\$21,211,930.02</u>

NET DEBT

The net debt of the Province will vary in an amount closely following the amount of the gross debt. The exact amount of the variation cannot here be stated because of the necessity of ascertaining the amounts of certain balances which may be collected or outstanding at the end of the fiscal year. Full details of the change in the amount of the net debt will be available when the Public Accounts are brought down.

INDIRECT LIABILITIES AND GUARANTEES

The indirect liabilities of the Province have been subject to two increases during the fiscal year, one being a guarantee to the Niagara Parks Commission of two and a half million dollars, and the other to the Hydro-Electric Power Commission of Ontario of twelve and a half million dollars. The net increase in the indirect liabilities of the Province over the previous fiscal year amounts to a little over nine million dollars. Inasmuch as the guarantees furnished by the Government have been given to two well-managed Commissions, namely, the Niagara Parks Commission and the Hydro-Electric Power Commission, both of which are making provision by sinking funds to liquidate their new indebtedness, I am glad to be able to say that the Government was quite willing

to assist these two borrowing bodies in obtaining funds at very low rates of interest.

With the permission of the House, I will place on the records a schedule of our Guaranteed Debt, setting out the maturities redeemed and the guarantees made during the present fiscal year.

SCHEDULE OF INDIRECT LIABILITIES AND GUARANTEES OF THE PROVINCE OF ONTARIO

As at January 31st, 1939

Total (as per Public Accounts, March 31st, 1938)	\$137,308,097.11
ADD—Sinking Fund Deposits (as at March 31st, 1938)	\$120,338.31
LESS—Coupons matured and outstanding as at March 31st, 1938.	20,835.23
	99,503.08

Gross Principal Unmatured and Outstanding as at March 31st, 1938	\$137,407,600.19
Less—Principal Maturities redeemed during period from April 1st, 1938, to January 31st, 1939—	

BY PROVINCE OF ONTARIO

Housing	\$ 38,822.18
Municipal	2,668.07
Schools	13,576.67
	\$ 55,066.92

BY MUNICIPALITIES, ETC.

Co-operative Associations	\$ 69,023.65	Cr.
Housing	107,558.91	
Municipalities	50,271.13	
Park Commissions	1,179,822.92	
Power Commissions	4,000,000.00	
Railways	525,000.00	
Schools	158,437.55	
Universities	85,503.89	
	6,037,570.75	
		6,092,637.67
		\$131,314,962.52

ADD—New Guarantees for period from April 1st, 1938, to January 31st, 1939—	
Park Commissions	\$ 2,500,000.00
Power Commissions	12,500,000.00
	15,000,000.00

Gross Principal Unmatured and Outstanding (as at January 31st, 1939)	\$146,314,962.52
LESS—Sinking Fund Deposits as at January 31st, 1939	\$ 142,904.50
ADD—Coupons Matured and Outstanding as at January 31st, 1939	19,281.92
	123,622.58

Net Indirect Liabilities of the Province as at January 31st, 1939	<u>\$146,191,339.94</u>
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ESTIMATES

I take this opportunity of presenting to this House estimates for the coming fiscal year. We estimate that the net ordinary revenue for the coming fiscal year from April 1st, 1939, to March 31st, 1940, will amount to \$90,261,982.40, and the net expenditure, not including Unemployment Relief, will amount to \$80,291,110.23, providing an excess of ordinary revenue over ordinary expenditure of \$9,970,872.17. It being, however, the policy of the Government to treat the cost of Unemployment Direct Relief as an ordinary expenditure, and this being estimated to reach the sum of \$9,820,000, a surplus, after providing for all expenditures, including unemployment relief and sinking fund provisions, is forecast in the amount of \$150,872.17. (Applause.)

With the permission of the House, I shall place upon the records the Budget Forecast of Ordinary Revenue, Ordinary Expenditure, Capital Receipts and Capital Payments for the fiscal year April 1st, 1939, to March 31st, 1940.

BUDGET FORECAST OF ORDINARY REVENUE

Fiscal Year April 1, 1939—March 31, 1940

DEPARTMENT	Detail	Gross Ordinary Revenue	Application of Revenue to Expenditure	Detail	Net Ordinary Revenue
1—AGRICULTURE.....		\$ 339,035.00	\$ 338,903.00		\$ 132.00
2—ATTORNEY-GENERAL:					
Main Office and Branches....	\$ 932,234.60		138,914.00	\$ 793,320.00	
Securities Commission.....	100,000.00	1,032,234.60		100,000.00	893,320.00
3—EDUCATION.....		140,000.00	139,000.00		1,000.00
4—GAME AND FISHERIES.....		880,000.00	500.00		879,500.00
5—HEALTH:					
Main Office and Branches....	59,138.00		10,438.00	48,700.00	
Hospitals Branch.....	1,509,700.00	1,568,838.00	1,509,200.00	500.00	49,200.00
6—HIGHWAYS:					
Main Office and Branches....	10,000.00			10,000.00	
Gasoline Tax Branch.....	25,000,000.00			25,000,000.00	
Miscellaneous Permits Branch	90,000.00			90,000.00	
Motor Vehicles Branch.....	9,200,000.00	34,300,000.00		9,200,000.00	34,300,000.00
7—INSURANCE.....		230,000.00			230,000.00
8—LABOUR.....		140,525.00	139,750.00		775.00
9—LANDS AND FORESTS:					
Lands Branch.....	650,000.00		13,693.60	636,306.40	
Forests Branch.....	2,476,500.00	3,126,500.00	492,750.00	1,983,750.00	2,620,056.40
10—LEGISLATION.....		14,500.00	7,500.00		7,000.00
11—MINES.....		2,600,000.00	5,000.00		2,595,000.00
12—MUNICIPAL AFFAIRS:					
Main Office and Municipal Board.....	10,800.00		10,800.00		
Housing Branch.....	35,000.00	45,800.00	35,000.00		
13—PRIME MINISTER:					
King's Printer—Ontario Gazette		20,000.00			20,000.00
14—PROVINCIAL SECRETARY:					
Main Office and Registrar-General's Branch.....	368,000.00		5,000.00	363,000.00	
Reformatories and Prisons Branch.....	914,000.00	1,282,000.00	914,000.00		363,000.00
15—PROVINCIAL TREASURER:					
Main Office—Subsidy.....	2,941,424.00			2,941,424.00	
Interest.....	73,000.00			73,000.00	
Liquor Control Board.....	10,750,000.00			10,750,000.00	
Controller of Revenue Branch:					
Succession Duty.....	17,000,000.00			17,000,000.00	
Corporations Tax.....	10,000,000.00			10,000,000.00	
Income Tax.....	6,000,000.00			6,000,000.00	
Stock Transfer Tax.....	700,000.00			700,000.00	
Land Transfer Tax.....	250,000.00			250,000.00	
Law Stamps.....	400,000.00			400,000.00	
Motion Picture Censorship and Theatre Inspection Branch..	185,000.00			185,000.00	
Savings Office.....	279,806.77	48,579,230.77	279,806.77		48,299,424.00
16—PUBLIC WORKS.....		47,255.00	43,680.00		3,575.00
MISCELLANEOUS.....		100,000.00	100,000.00		
		94,445,918.37	4,183,935.97		90,261,982.40
PUBLIC DEBT—INTEREST.....		9,060,992.24	9,060,992.24		
TOTAL.....		\$103,506,910.61	\$13,244,928.21		\$90,261,982.40

SUMMARY

Net Ordinary Revenue.....	\$90,261,982.40
Net Ordinary Expenditure (not including Unemployment Relief).....	80,291,110.23
EXCESS OF ORDINARY REVENUE OVER ORDINARY EXPENDITURE..	\$ 9,970,872.17
Estimated Net Expenditure on account of Unemployment Direct Relief and administration thereof.....	9,820,000.00
SURPLUS FORECAST.....	\$ 150,872.17

BUDGET FORECAST OF ORDINARY EXPENDITURE

Fiscal Year April 1, 1939—March 31, 1940

DEPARTMENT	Detail	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Detail	Net Ordinary Expenditure
1—AGRICULTURE.....		\$ 2,284,456.25	\$ 326,903.00		\$ 1,957,553.25
2—ATTORNEY-GENERAL:					
Main Office and Branches....	\$ 2,632,049.60		138,914.60	\$ 2,493,135.00	
Securities Commission.....	74,527.50	2,706,577.10		74,527.50	2,567,662.50
3—EDUCATION.....		12,923,986.00	139,000.00		12,784,986.00
4—GAME AND FISHERIES.....		646,250.00	500.00		645,750.00
5—HEALTH:					
Main Offices and Branches....	1,187,920.00		10,438.00	1,177,482.00	
Hospitals Branch.....	10,202,030.00	11,389,950.00	1,509,200.00	8,692,830.00	9,870,312.00
6—HIGHWAYS:					
Main Office and Branches....	10,277,500.00			10,277,500.00	
Motor Vehicles Branch.....	405,000.00	10,682,500.00		405,000.00	10,682,500.00
7—INSURANCE.....		67,100.00			67,100.00
8—LABOUR.....		649,816.55	139,750.00		510,066.55
9—LANDS AND FORESTS:					
Lands Branch.....	235,175.00			235,175.00	
Forests Branch.....	2,081,645.00	2,316,820.00	492,750.00	1,588,895.00	1,824,070.00
10—LEGISLATION.....		273,575.00	7,500.00		266,075.00
11—LIEUTENANT-GOVERNOR...		10,000.00			10,000.00
12—MINES.....		433,550.00	5,000.00		428,550.00
13—MUNICIPAL AFFAIRS:					
Main Office and Municipal Board.....	127,850.00		10,800.00	117,050.00	
Subsidy—1½ Mill— To cities, towns, incorporated villages and townships....	4,450,000.00			4,450,000.00	
Grant—To City of Toronto— Municipal Air Port.....	100,000.00	4,677,850.00		100,000.00	4,667,050.00
14—PRIME MINISTER.....		173,415.00			173,415.00
15—PROVINCIAL AUDITOR.....		119,500.00			119,500.00
16—PROVINCIAL SECRETARY:					
Main Office and Registrar-General's Branch.....	121,480.00		5,000.00	116,480.00	
Reformatories and Prisons Branch.....	1,923,525.00	2,045,005.00	914,000.00	1,009,525.00	1,126,005.00
17—PROVINCIAL TREASURER:					
Main Office.....	547,840.00			547,840.00	
Budget Committee Office....	10,735.00			10,735.00	
Controller of Revenue Branch	472,860.00			472,860.00	
Motion Picture Censorship and Theatre Inspection Branch..	38,675.00			38,675.00	
Post Office.....	149,315.00			149,315.00	
Savings Office.....	279,806.77	1,499,231.77	279,806.77		1,219,425.00
18—PUBLIC WELFARE:					
Main Office and Branches....	399,100.00			399,100.00	
Old Age Pensions Commission.	3,552,500.00			3,552,500.00	
Mothers' Allowances Commission.....	5,307,700.00	9,259,300.00		5,307,700.00	9,259,300.00
19—PUBLIC WORKS.....		811,300.00	43,680.00		767,620.00
MISCELLANEOUS.....		104,400.00	100,000.00		4,400.00
		\$63,074,582.67	\$ 4,123,242.37		\$58,951,340.30
			12,000.00		
			13,693.60		
			35,000.00		
PUBLIC DEBT—Interest, Exchange, etc.....		30,461,455.77	9,060,992.24		21,339,769.93
TOTAL.....		\$93,536,038.44	\$13,244,928.21		\$80,291,110.23
ADD: Estimated Net Expenditure on account of Unemployment Direct Relief and the Administration thereof.....		9,820,000.00			9,820,000.00
GRAND TOTAL.....		\$103,356,038.44	\$13,244,928.21		\$90,111,110.23

BUDGET FORECAST OF CAPITAL RECEIPTS

Fiscal Year April 1, 1938—March 31, 1940

DEPARTMENT	CAPITAL RECEIPTS		
	Works and Resources	Loan Repayments	Trust Fund Deposits
AGRICULTURE.....		\$ 38,000.00	
HIGHWAYS.....	\$ 10,000.00		
LANDS AND FORESTS:			
Lands Branch.....	45,300.00		
Forests Branch.....	4,700.00		
MINES.....	50,000.00		
MUNICIPAL AFFAIRS.....		83,000.00	
PRIME MINISTER:			
Public Service Superannuation Fund.....			\$ 1,405,000.00
PROVINCIAL TREASURER:			
Main Office.....		3,599,754.88	181,983.18
Hydro-Electric Power Commission.....		2,562,310.95	
PUBLIC WELFARE:			
Dominion Government—			
Old Age Pensions Commission.....		10,170,000.00	
Blind Pensions.....		210,600.00	
PUBLIC WORKS.....	150.00		
	<u>\$ 110,150.00</u>	<u>\$16,663,665.83</u>	<u>\$1,586,983.18</u>

SUMMARY

Works and Resources.....	\$ 110,150.00
Loan Repayments.....	16,663,665.83
Trust Fund Deposits.....	1,586,983.18
	<u>\$18,360,799.01</u>

BUDGET FORECAST OF CAPITAL PAYMENTS

Fiscal Year April 1, 1938—March 31, 1940

DEPARTMENT	CAPITAL PAYMENTS		
	Works and Resources	Loan Advances	Trust Fund Repayments
AGRICULTURE.....		\$ 25,000.00	
EDUCATION.....	\$ 65,638.43		
GAME AND FISHERIES.....	35,000.00		
HIGHWAYS.....	15,200,000.00		
LANDS AND FORESTS:			
Lands Branch.....	138,000.00		
Forests Branch.....	328,600.00		
PRIME MINISTER.....			
Public Service Superannuation Fund.....			\$ 850,000.00
PROVINCIAL TREASURER:			
Main Office.....		1,462,744.60	357,750.33
Hydro-Electric Power Commission.....	2,500,000.00	50,000.00	
PUBLIC WELFARE:			
Dominion Government:			
Old Age Pensions Commission.....		10,170,000.00	
Blind Pensions.....		210,600.00	
PUBLIC WORKS.....	4,762,000.00		
	<u>\$23,029,238.43</u>	<u>\$11,918,344.60</u>	<u>\$1,207,750.33</u>

SUMMARY

Works and Resources.....	\$23,029,238.43
Loan Advances.....	11,918,344.60
Trust Fund Repayments.....	1,207,750.33
	<u>\$38,155,333.36</u>

In estimating a surplus of \$150,872.17 for the next fiscal year, let me say that we shall continue our vigorous campaign to stamp out the scourge of tuberculosis and, as I have indicated in the earlier part of my address, sanatorium treatment for tubercular patients cost the Province \$1,300,000 last year. It will cost us not less than two million dollars this year. I doubt if that will cover it.

The Government believes that this expenditure is fully warranted on economic as well as humanitarian grounds. Tuberculosis, unfortunately, strikes at the individual at a time in his life when he or she is a wage-earner, and often its ravages extend to the whole family and menace an entire community.

We hope and believe that the efforts of the Health Department backed, as they are, by the financial resources of this Government will bear fruit and will eventually result in completely eradicating this scourge from our Province.

PUBLIC WORKS EXPENDITURE

We have placed in the estimates the sum of \$4,762,000, which sum will be expended for the following purposes:

Educational Buildings.....	\$ 50,000
Agricultural Buildings.....	46,500
District Buildings.....	46,500
Reformatories.....	152,000
Hospitals.....	3,940,000
Provincial Parks.....	5,000
Hatcheries.....	82,000
Forestry Buildings.....	30,000
Public Works.....	410,000
	<hr/>
	\$4,762,000

HIGHWAY EXPENDITURE

The sum of \$15,200,000 has been placed in the Estimates for highway construction and this sum represents the amount necessary to complete projects already undertaken. Beyond completing projects already undertaken, let me say that it is not the intention of the Government to embark upon any new highway construction projects during the coming fiscal year.

WAYS AND MEANS

CORPORATION TAX

You have before you a printed statement of the forecast of revenue and you will observe that some increase in revenue is expected from The Corporation Tax Act, which is being amended at this Session. May I digress for a moment, Mr. Speaker, just to explain the nature of the change? We are reducing the assessment on the capital employed by 50 per cent., but increasing the tax on the net revenue. We are more or less gambling on business results being good this year. If there is more profit in business, we gain; if not, we lose. But we feel that the principle of taxing capital itself is very unsound and that the principle of taxing net income is more in line with proper taxation. We are budgeting for ten million dollars and, in this connection, it should be stated that, owing to the amendments presented this week to the House, the incidence of the tax is altered from capital employed to revenue earned. Formerly the tax on capital employed was one-tenth of one per cent., and it is the view of the Government that to impose too large a tax on capital that should properly be based on the revenue-earning power of a business is a mistake. It is collecting at seed time what should be collected at harvest time, and we have therefore cut in half the tax formerly imposed and based on the capital employed by corporations. The tax on the net revenue of corporations will be two per centum of the net corporation income; and it is believed that, by shifting a part of the tax from capital to income, the revenue will be increased and, at the same time, the tax burden resting upon industries that are carrying on at a loss will be cut in two.

GASOLINE TAX

At the present rate of taxation on the basis of average operation of 9,000 miles per year, with gasoline consumption at the rate of one gallon every eighteen miles, taxation in Ontario and Quebec would amount to \$30.00, with \$35.00 shown in British Columbia. The gasoline tax alone, however, does not disclose the total tax paid by motorists. Using as an example a six cylinder passenger car, weighing between two to three thousand pounds, in Ontario a registration fee of seven to ten dollars is charged, in Quebec the fee varies from \$21.00 to \$28.00 for the same type of car, while in British Columbia, a flat fee of \$25.00 is collected. Adding these to the average gasoline tax figures, and using the maximum total in each case, it is found that the present taxation in Ontario on each vehicle is \$40.00 a year, in Quebec it is \$58.00, and in British Columbia it is \$60.00. Even this does not provide an accurate picture. The \$40.00 paid by an Ontario motorist makes available to him 50,900 miles of surfaced highway. The Quebec motorist's \$58.00 gives him access to only 17,366 miles of surfaced highway, while the British Columbia motorist pays \$60.00 for the use of only 9,610 miles of surfaced highway.

It has been the conviction of this Government that the gasoline tax offered the most equitable means of taxation of motorists possible. The consumption of gasoline depends largely upon the weight of a vehicle and the number of miles operated. Thus those who make greatest use of the roads are also those who use the most gasoline. Registration fees offer an unequal basis of taxation, since they usually take into consideration only the size of a vehicle, with the result that a vehicle travelling 1,000 miles in a year is taxed the same amount as a similar vehicle operated 10,000 miles.

The reduction in registration fees brought about some two years ago was designed to satisfy the demands of motorists in Northern Ontario and some sections of rural Ontario least served by our good roads system, where it was claimed such motorists could only utilize the roads for motor traffic for a short period of the year. As a matter of fact the Leader of the Conservative Party in the last provincial general election openly advocated that in respect to such cases a part-yearly license fee should be issued. This Government remedied the situation by reducing the registration fees to a nominal amount, which makes for better administration and supervision of the licensing of such cars.

This Province, because of its geographical position and the great attraction that Ontario holds for tourists, is in the position of being compelled to furnish arteries of communication for the great motoring population of the continent of North America. Since November 1st, 1934, we have constructed highways at a cost exceeding \$106,000,000 apart from road maintenance, and the cost of servicing this increased investment at three per centum exceeds \$3,000,000 annually. I use the term "investment" advisedly because, in addition to furnishing new and better highways for the Ontario motorists and adding to our transportation facilities within the Province, greater encouragement has been given to the tourist trade which, it is believed, will this year bring business to the Province of Ontario to an amount which will probably exceed \$150,000,000. Apart from that, the motorists in such sections served by our most excellent highway system are now demanding and enjoying additional services in the way of snow removal throughout the entire winter period, entailing costs amounting to hundreds of

thousands of dollars, particularly in respect to a season such as the one through which we have just passed. These demands cannot be satisfied without those who receive the benefits being prepared to bear their share of the cost.

The whole situation resolves itself into this problem—as to whether Ontario, wedged as it is into that densely settled section of the United States, believes it advisable to construct these highways which provide transportation facilities for a population greatly in excess of our own, which at the same time serve to attract these American tourists who contribute to the general prosperity of this jurisdiction.

In order to equalize the increasing cost of providing and maintaining highways the Government has refrained from any thought of increasing registration fees, but adheres to the policy of making those who use the roads pay in proportion to the services provided. Therefore, in order to make a proper assessment against all who utilize our highways, the Government proposes to increase the gasoline tax.

The increase in the gasoline tax rate will be from six cents to eight cents per Imperial gallon, and this change will come into effect at midnight, March 31st, 1939, and all sales made thereafter will be subject to the new rate. All gasoline tax collectors under agreement will be notified by the Department of Highways by telegram to-day of the proposed changes in the tax.

Out of the increased revenue from the gasoline tax, the Government proposes to hand over to the municipalities the sum of \$1,500,000, being at the rate of one-half of one mill on the general assessment (applause), in the same manner as the one mill subsidy is presently paid. This in addition to the one mill subsidy will provide a cash contribution to the municipalities of Ontario from the Provincial Treasury in this year the sum of \$4,500,000. (Applause.)

Before I finish discussing this item, I take this opportunity of referring to a newspaper campaign conducted by one of the largest oil companies in the Province of Ontario. Passing over some of the statements made, which only tell a part of the true story, I offer this reply to that refining company and to others. Every dollar of gasoline tax collected by this Province has been handed over to the motorists by way of improved and extended highways and maintenance costs and the cost of servicing the highway debt of the Province.

How much of the profits of the company referred to have been returned to the motorists by way of a reduced price of gasoline and oil? (Hear, hear and applause.) And further, if the company referred to is so solicitous for the welfare of motorists, will it share its profits with its customers by absorbing at least one half of this increase in tax, which I think the companies can afford to do? Judging from reports that I have seen in the past of the profits made by wealthy refining and distributing oil companies, I offer this House my considered opinion that these money-making companies are in a better position to absorb a part of this increase than is the Province of Ontario to refrain from collecting the extra tax.

A general survey of this, my fifth Budget Presentation, indicates clearly that there has been no deviation from the policy of giving greater and greater assistance to the municipalities and joining with them in their sincere efforts to bring about

a reduction in the taxation on real property, in order that some ray of hope and encouragement may be given to home owners and some inducement as well to those who would be prospective builders. The building industry probably has more to do with the problem of unemployment among skilled workers, the consumption of raw material, the general stimulation of the wheels of commerce, than any other case that might be cited or illustrated. Prior to 1934 the building trades were in a state of stagnation but after a careful perusal of this Budget Presentation, indicating as I have a reduction over a period of the last few years in the funded debts of the municipalities and in direct municipal taxation, there is no doubt that individuals and capital will be seized with the desire to do the thing which we hope to encourage by the policies to which I have alluded.

While some may be critical of the increase in gasoline tax, at the same time in all fairness such individuals should not be unmindful of former tax reductions in motor and truck license fees, the abolition of the amusements tax, the school children's examination tax and the wine tax, not forgetting the several benefits to which I have referred with respect to increased subsidies for township roads, the total assumption of the cost of provincial highways, the cost now being borne with respect to Old Age Pensions and Mothers' Allowances. This year alone, the cash contribution in the way of a direct subsidy of \$4,500,000 to be paid by the Provincial Treasury to the municipalities, coupled with the Two Million Dollars which is the minimum estimate of the amount required to take care of indigent tubercular patients total more than the amount estimated from the gasoline tax increase and provide a corresponding reduction in direct taxation.

I pause now to ask any Member of the House whether he would recommend that as Treasurer of this Province I shou'd strike these two items from our estimates of expenditures and saddle, as a consequence, that additional burden on those who pay realty taxes. I say the answer is no, and I doubt if any public-spirited motorist, fully informed of this whole situation, would suggest for a moment that to save him this increase in gasoline tax the Province should withhold these benefits from the municipalities and the overburdened owner of real estate. (Hear, hear.) If this further reduction in the tax on real estate brings about the objective the Government has in mind, then at this moment I can do no better than to quote a concluding paragraph in last year's Budget Address, which reads as follows:

"Housing conditions, both in town and in country, are primarily the result of bad economic policies and I long for the day when it will be possible to lift the burden from real estate, so that it will be profitable for a man to own his own home and for the man with money to invest, to build homes which may be rented at reasonable prices; also for those with surplus funds to advance money on building loans at low rates of interest. That, Mr. Speaker, is the sure road to a solution of the housing problem in this country."

CONCLUSION

I believe, as a result of this year's operations, the Province is not only richer but a better place in which to live. Ontario, to my way of thinking, is one of the very few jurisdictions which employs a proper system of bookkeeping and charges all current expenses against ordinary revenues. All too frequently imprudent financiers, instead of reporting a true state of affairs, have charged relief and other similar expenditures to the debt structure, which items under careful analysis do not show any corresponding asset, but rather conceal capitalized losses. I need

only go back to the period prior to 1934, at which time our predecessors were burdening future generations of this Province with the amount of relief expenditures and plowing back into the debt structure deficit after deficit. This Government now presents for the consideration of this House a true and accurate picture of all financial transactions of the fiscal year which ends to-morrow.

The Province is richer, its credit is higher, the burden of taxation on real estate is being continuously lightened, responsibilities are being met frankly and fearlessly, confidence is being strengthened, and a sound foundation is being laid to safeguard the destinies of those noble men and women—our fellow citizens—who constitute the population of this our great Province of Ontario. (Loud and prolonged applause from both sides of the House.)

SUB-INDEX No. 1

BALANCE SHEETS OF BOARDS AND COMMISSIONS, PUBLIC DEBT, AND STATISTICAL STATEMENTS

	PAGE
1—Balance Sheets—as at March 31st, 1938:	
A—Commissioner of Agricultural Loans.....	60-61
B—Liquor Control Board.....	62-63
C—Niagara Parks Commission.....	64-65
D—Presqu'ile Park Commission.....	66-67
E—Province of Ontario Savings Office.....	68-69
F—Temiskaming and Northern Ontario Railway Commission.....	70-71
2—Comparative—Budget and Actual—Fiscal Year 1937-38:	
A—Summary.....	72
B—Ordinary Revenue.....	73
C—Ordinary Expenditure.....	74
3—Detailed Principal Sources of Net Revenue—Fiscal Year 1937-38.....	75
4—Analysis of Budgeted Gross Revenue—Fiscal Year 1939-40.....	76
5—Surpluses and Deficits, 1867 to 1939.....	77
6—Gross and Net Debt by Years and Regimes, 1914 to 1938.....	78-79
7—Gross and Net Debt, Comparative by Regimes, 1914 to 1938.....	80-81

STATEMENT No. 1A

COMMISSIONER OF

Balance Sheet

ASSETS

F.P.O. Mortgage Loans.....		\$ 2,820,261.00
F.P.O. Interest Charges.....		634,861.22
F.P.O. Sundry Charges.....		204,139.95
Current Loans.....		42,909,433.02
Current Interest.....		3,262,330.31
Current Sundries.....		35,385.20
Interest A/C Earnings.....		640,023.10
Office Equipment.....		7,693.54
BANK ACCOUNT:		
Capital Account.....	\$	180.14
Current Account.....		20,577.61
		<hr/>
		20,757.75
Insurance Loss Account.....		26,110.48
Suspense A/C.....	1,005,755.32	
Add. Reserve 2 years and over.....	2,823,095.90	
Loss A/C March 31st, 1938.....	698,388.39	
		<hr/>
		4,527,239.61
		<hr/>
		\$55,088,235.18

STATEMENT No. 1A

AGRICULTURAL LOANS

as at March 31st, 1938

LIABILITIES

Debentures		\$44,935,000.00
Interest Due on Debentures		5,950,652.91
Insurance Loss		26,110.48
Surpluses		39,755.11
F.P.O.—Interest Reserve	\$634,861.22	
Current Interest Reserve	3,262,330.31	
F.P.O. Expense Reserve	204,139.95	3,897,191.53
Current Expense Reserve	35,385.20	
		<u>239,525.15</u>

\$55,088,235.18

STATEMENT No. 1B

THE LIQUOR CONTROL

BALANCE

As at March

ASSETS

Land, Buildings, Furniture, Equipment, Fixtures and Alterations to Rented Premises, Less Amounts written off	\$ 128,959.50
Cash on hand, in transit, and in banks	\$161,661.06
Accounts Receivable.....	181,880.64
Inventories of Liquor and Supplies in Warehouses and Stores	2,124,637.66
	<u>2,468,179.36</u>
Prepaid Charges.....	17,787.89
	<u>\$2,614,926.75</u>

STATEMENT No. 1B

BOARD OF ONTARIO

SHEET

31st, 1938

LIABILITIES

Accounts Payable, Accrued Charges, Deferred Revenue, etc..... \$1,691,818.81

PROVINCIAL TREASURER:

Permit Sales—Balance from March 31st, 1937... \$ 2,416.13

Permit Sales—April 1st, 1937, to March 31st,
1938 (Net)..... 556,579.49

\$558,995.62

Less: Paid to Provincial Treasurer..... 525,000.00

\$ 33,995.62

Confiscated Liquor Stocks..... 9,778.57

\$1,735,593.00

SURPLUS:

Balance carried from Surplus Account.....\$10,854,333.75

Less: Paid to Provincial Treasurer..... 9,975,000.00

Balance March 31st, 1938..... 879,333.75

\$2,614,926.75

CONTINGENT LIABILITIES:

Liquor ordered but not delivered..... \$627,795.80

Duty on Stocks in Bond..... 519,965.38

Consignment Stock..... 42,018.55

AUDITORS' CERTIFICATE

We report that we have audited the books and accounts of The Liquor Control Board of Ontario for the year ended March 31st, 1938, and, in our opinion, the above Balance Sheet exhibits a true and correct view of the position of its affairs on that date.

(Signed) BROKENSHIRE, SCARFF & COMPANY,
Chartered Accountants.

Toronto, May 28th, 1938.

STATEMENT No. 1C

NIAGARA PARKS

BALANCE

As at March

ASSETS

CURRENT:

Cash on Hand.....	\$ 1,250.00	
Accounts Receivable.....	1,133.82	
Inventories of Supplies and Souvenirs.....	46,144.01	
	<u>\$</u>	48,527.83
WATER RENTALS, EARNED.....		64,480.58

RESERVE FUND:

Sinking Fund Provision for 5½% 15-year Debentures due 1st August, 1947:		
Deposit with the Treasury Department of Ontario as at December 1st, 1937.....	\$ 86,982.82	
Accrued Interest thereon.....	1,159.77	
	<u>\$</u>	88,142.59

(Deducted from Debenture Issue)

PROPERTY:

Land, Buildings, Improvements, cost.....	\$5,272,688.86	
Less: Reserve for Depreciation.....	1,247,947.73	
	<u></u>	4,024,741.13
Office and Restaurant Equipment, cost.....	\$ 128,108.91	
Less: Reserve for Depreciation.....	105,673.62	
	<u></u>	22,435.29
Cars and Trucks, cost.....	\$ 16,336.57	
Less: Reserve for Depreciation.....	9,668.77	
	<u></u>	6,667.80
Miscellaneous Equipment and Tools, cost.....	\$ 29,270.03	
Less: Reserve for Depreciation.....	26,620.32	
	<u></u>	2,649.71
Tableware, Linens and Utensils, cost.....	\$ 29,467.53	
Less: Reserve for Depreciation.....	27,635.52	
	<u></u>	1,832.01
	<u></u>	4,058,325.94

DEFERRED CHARGES:

Payment made by the Commission in 1932 to the City of Niagara Falls in respect to the removal of the City Water Works from the Park Properties.....	\$ 50,000.00	
Less: Written off.....	31,666.66	
	<u></u>	18,333.34
International Railway Company Arbitration. Award, and Legal, Engineering and other costs incurred to date, less proceeds of sale of property.....		1,193,045.00
Discount on Debentures.....	\$ 87,820.00	
Less: Written off.....	43,817.00	
	<u></u>	44,003.00
Expenses in re New Bridge Approaches.....		1,997.46
Inventories of Expense Items.....		10,538.88
	<u></u>	1,267,917.68

\$5,439,252.03

STATEMENT No. 1C

COMMISSION

SHEET

31st, 1938

LIABILITIES

CURRENT:

Canadian Bank of Commerce, Niagara Falls:

Current Account.....\$ 285,385.87

Payroll Account.....6,657.72

\$ 292,043.59

Less: Chairman's Account.....14,972.06

\$ 277,071.53

Notes payable on demand.....400,000.00

\$ 677,071.53

Accounts Payable—

General.....\$ 6,999.20

In re International Railway Company, Arbitration.....32,988.30

39,987.50

\$ 717,059.03

SPECIAL:

Canadian Bank of Commerce, Toronto—

Note dated December 3rd, 1937, interest at 2 $\frac{3}{8}$ %, payable on demand, guaranteed by Province of Ontario. Money borrowed to pay amount of Award in re International Railway Company

1,072,587.50

Accrued Interest thereon

8,235.42

1,080,822.92

DEBENTURES (Guaranteed by Province of Ontario):

4% Instalment Gold Debentures, payable 1st December, 1928 to 1947.....\$2,000,000.00

Less: Redeemed.....806,000.00

\$1,194,000.00

Accrued Interest thereon.....15,920.00

1,209,920.00

5 $\frac{1}{2}$ % 15-Year Debentures, due 1st August, 1947.. 300,000.00

Accrued Interest thereon.....2,750.00

\$ 302,750.00

Less: Amount of Sinking Fund.....88,142.59

214,607.41

1,424,527.41

RESERVE—Public Liability.....29,208.61

SURPLUS:

As at December 1st, 1937.....\$2,028,590.13

Add: Excess of Revenue over Expenditure for the year.....159,043.93

2,187,634.06

CONTINGENT:

Interest in re International Railway Company Arbitration.

COMMITMENTS:

(A) To purchase certain lands.

(B) To complete certain improvements.

(C) To pay pensions of about \$75.00 per month.

\$5,439,252.03

STATEMENT No. 1D

PRESQU'ILE PARK

Balance Sheet as at

ASSETS

CURRENT:

Petty Cash on hand	\$ 5.97	
Cash in Bank	582.01	
Accounts Receivable (unpaid rent and taxes)	271.20	
		\$ 859.18

SINKING FUND INVESTMENTS:

Dominion and Ontario Government Bonds	8,470.08	
Cash held for investment in Special Savings Account	727.68	
		9,197.76

FIXED:

Land	18,000.00	
Wells	225.00	
Roads	16,575.72	
Parks	2,000.00	
Tools and Equipment (depreciated value)	773.10	
Office Furniture (depreciated value)	128.84	
		37,702.66
		<u>\$47,759.60</u>

STATEMENT No. 1D

COMMISSION

March 31st, 1938

LIABILITIES

Debentures, 6% May 1st, 1923, due May 1st, 1943	\$20,000.00	
4% Sept. 1st, 1937, due Sept. 1st, 1957	2,500.00	
		<u>\$22,500.00</u>

SINKING FUND RESERVE:

Represented by Sinking Fund Investments	9,197.76	
Required in excess of Sinking Fund Investments	3,437.89	
		<u>12,635.65</u>

SURPLUS:

Balance March 31st, 1938	12,623.95
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\$47,759.60

STATEMENT No. 1E

THE PROVINCE OF
Balance Sheet as at

ASSETS

Cash: On hand.....	\$457,382.87	
In banks	191,697.96	
In Transit: Due from branches	\$ 528,529.21	
Due to branches.....	2,145.03	526,384.18
		<u>\$ 1,175,465.01</u>
Deposited with the Provincial Treasurer.....		39,378,983.16
Miscellaneous Accounts Receivable.....		1,883.14
Furniture and Fixtures—Cost.....	\$ 123,867.97	
Less: Reserve for Depreciation.....	61,902.08	
		<u>\$ 61,965.89</u>
		<u><u>\$40,618,297.20</u></u>

STATEMENT No. 1E

ONTARIO SAVINGS OFFICE

March 31st, 1938

LIABILITIES

Depositors' Funds.....	\$40,325,014.10
Surplus.....	293,283.10

\$40,618,297.20

STATEMENT No. 1F

TEMISKAMING AND NORTHERN

Balance Sheet

ASSETS

INVESTMENTS:

Road.....	\$33,876,151.50	
Railway Equipment.....	6,478,352.88	
Restaurant and News Equipment.....	13,813.92	
		\$40,368,318.30

Investment in Affiliated Companies:

Nipissing Central Railway—Advance.....	\$ 4,762,743.43	
Less Reserve.....	706,764.04	
		4,055,979.39

\$44,424,297.69

CURRENT ASSETS:

Cash.....	\$ 47,249.21	
Accounts Receivable.....	200,258.13	
Traffic Balances.....	196,539.28	
Balances due on Townsite Sales.....	4,360.79	
Agents and Conductors.....	108,254.84	
Material and Supplies.....	612,585.28	
Ballast Pit Sidings.....	63,694.10	
Other Assets.....	295.06	
		1,233,236.69

DEFERRED ASSETS:

Pension Fund Investments.....	\$ 269,917.29	
Fire Insurance Fund Investments.....	49,001.08	
		318,918.73

UNADJUSTED DEBITS:

Insurance Premiums Prepaid.....	\$ 306.85	
Advances to Treasurer and Paymaster.....	888.52	
Accounts in Suspense.....	27,510.34	
		28,705.71

\$46,005,158.46

STATEMENT No. 1F

ONTARIO RAILWAY COMMISSION

as at 31st March, 1938

LIABILITIES

PROVINCE OF ONTARIO:

Loan without Interest.....	\$30,207,934.92
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LONG TERM DEBT:

Debenture Debt—Payable in instalments in the years 1939 to 1968 inclusive—	
Interest 4% per annum.....	6,000,000.00

\$36,207,934.92

CURRENT LIABILITIES:

Bank of Nova Scotia—Demand Loan.....	\$ 4,425,000.00
Audited Accounts and Wages.....	370,739.82
Traffic Balances.....	24,158.16
Debenture Interest—Due and Accrued.....	44,100.00
Deposits on Sidings.....	18.47
	<hr/>
	4,864,016.45

DEFERRED LIABILITIES:

Pension Fund Reserve.....	\$ 269,917.29
Fire Insurance Reserve.....	49,001.08
	<hr/>
	318,918.37

UNADJUSTED CREDITS:

Railway Equipment Depreciation Reserve.....	\$ 1,968,908.07
Restaurant and News Equipment Depreciation Reserve.....	9,958.10
Fidelity Insurance Reserve.....	3,750.00
Accounts in Suspense.....	1,286.22
	<hr/>
	1,983,902.39

SURPLUS.....	2,630,386.33
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\$46,005,158.46

STATEMENT No. 2A

COMPARATIVE STATEMENT

ORDINARY ACCOUNT

SUMMARY

Fiscal Year Ended March 31, 1938

ORDINARY NET REVENUE:

Budget..... \$81,063,328.00
 Actual..... 86,052,792.88

INCREASE..... \$ 4,989,464.88

ORDINARY NET EXPENDITURE:

Budget..... \$78,780,422.38
 Actual..... 81,443,074.35

INCREASE..... 2,662,651.97

\$ 2,326,812.91

ORDINARY ACCOUNT:

Revenue Budget.... \$81,063,328.00
 Expenditure Budget 78,780,422.38

SURPLUS..... \$ 2,282,905.62

ORDINARY ACCOUNT:

Revenue Actual.... \$86,052,792.88
 Expenditure Actual. 81,443,074.35

SURPLUS..... 4,609,718.53

\$ 2,326,812.91

RECONCILIATION

REVENUE INCREASED:

All Departments..... \$ 4,989,464.88

EXPENDITURE Increased:

All Departments:

General..... \$ 1,754,471.07
 Unemployment Relief..... 947,674.35

\$ 2,702,145.42

EXPENDITURE DECREASED:

Interest, Sinking Fund Instalments, Discount and Exchange. 39,493.45

2,662,651.97

\$ 2,326,812.91

ACTUAL COMPARED WITH ACTUAL OF PREVIOUS YEAR

ACTUAL NET ORDINARY REVENUE:

To March 31, 1937.. \$80,488,439.95
 To March 31, 1938.. 86,052,792.88

INCREASE..... \$ 5,564,352.93

ACTUAL NET ORDINARY EXPENDITURE:

To March 31, 1937.. \$71,174,501.41
 To March 31, 1938.. 81,443,074.35

INCREASE..... 10,268,572.94

\$ 4,704,220.01

ACTUAL SURPLUS ON ORDINARY ACCOUNT:

As at March 31, 1937..... \$ 9,313,938.54
 As at March 31, 1938..... 4,609,718.53

\$ 4,704,220.10

STATEMENT No. 2B

COMPARATIVE SUMMARY ANALYSIS

GROSS AND NET ORDINARY REVENUE

Cumulative Period to March 31st—Fiscal Year 1938

DEPARTMENT	Actual Gross Revenue	Application of Revenue to Expenditure	Actual Net Revenue	Budget Forecast Net Revenue	Decrease or Increase
AGRICULTURE.....	\$ 378,216.54	\$ 377,002.39	\$ 1,214.15	\$ 125.00	\$ 1,089.15
ATTORNEY-GENERAL.....	1,073,723.10	69,308.28	1,004,414.82	663,171.00	341,243.82
EDUCATION.....	140,580.61	139,270.61	1,310.00	1,600.00	290.00
GAME AND FISHERIES.....	868,480.89	1,922.70	866,558.19	674,000.00	192,558.19
HEALTH:					
Main Office and Branches.....	60,158.80	9,049.06	51,109.74	41,170.00	9,939.74
Hospitals Branch.....	1,409,007.85	1,408,596.38	411.47	790.00	378.53
HIGHWAYS:					
Main Office and Branches.....	211,308.38		211,308.38	162,600.00	48,708.38
Gasoline Tax Branch.....	17,650,680.85		17,650,680.85	16,000,000.00	1,650,680.85
Permits, Gas Pumps, etc.....	90,437.90		90,437.90		90,437.90
Motor Vehicles Branch.....	8,767,689.24		8,767,689.24	10,000,000.00	1,232,310.76
INSURANCE.....	243,343.92		243,343.92	233,550.00	9,793.92
LABOUR.....	131,816.83	126,348.05	5,468.78	675.00	4,793.78
LANDS AND FORESTS:					
Lands Branch.....	812,534.91	13,693.60	798,841.31	600,725.00	198,116.31
Forests Branch.....	3,573,385.28	546,768.70	3,026,616.58	3,032,400.00	5,783.42
LEGISLATION.....	37,724.80	30,594.05	7,130.75	9,700.00	2,569.25
MINES.....	2,209,881.94	4,151.06	2,205,730.88	2,495,000.00	289,269.12
MUNICIPAL AFFAIRS:					
Main Office.....	7,971.53	7,971.53		7,810.00	7,810.00
Municipal Board.....	4,840.97	4,840.97			
Housing Branch.....	103,643.54	103,643.54			
PRIME MINISTER:					
King's Printer—Ontario Gazette.....	21,434.58		21,434.58	22,000.00	565.42
PROVINCIAL SECRETARY:					
Main Office and Registrar-General's Branch.....	403,279.66	5,388.28	397,891.38	457,000.00	59,108.62
Reformatories and Prisons Branch.....	957,726.57	951,088.14	6,638.43	6,400.00	238.43
PROVINCIAL TREASURER:					
Main Office—Dominion Subsidy.....	2,941,424.28		2,941,424.28	2,941,424.00	.28
Interest.....	72,828.68		72,828.68	73,000.00	171.32
Miscellaneous.....	183.88		183.88		183.88
Liquor Control Board.....	10,500,000.00		10,500,000.00	9,500,000.00	1,000,000.00
Controller of Revenue—					
Succession Duty.....	20,214,183.30		20,214,183.30	17,000,000.00	3,214,183.30
Corporations Tax.....	8,970,044.34		8,970,044.34	9,000,000.00	29,955.66
Income Tax.....	6,041,488.03		6,041,488.03	5,000,000.00	1,041,488.03
Stock Transfer Tax.....	867,822.92		867,822.92	1,800,000.00	932,177.08
Land Transfer Tax.....	227,669.60		227,669.60	250,000.00	22,330.40
Law Stamps.....	419,279.90		418,279.90	400,000.00	19,279.90
Miscellaneous.....	319.80		319.80		319.80
Motion Picture Censorship and Theatre Inspection Branch.....	431,846.26		431,846.26	685,000.00	253,153.74
Savings Office.....	291,099.69	291,099.69			
PUBLIC WELFARE.....	235.80	235.80			
PUBLIC WORKS.....	51,642.79	44,172.25	7,470.54	5,188.00	2,282.54
PROVINCIAL TREASURER:					
Public Debt—Interest, etc.....	9,650,657.69	9,650,657.69			
	<u>\$99,838,595.65</u>	<u>\$13,785,802.77</u>	<u>\$86,052,792.88</u>	<u>\$81,063,328.00</u>	<u>\$7,825,338.20</u>
					<u>2,835,873.32</u>
NET INCREASE—Actual over Forecast.....					<u>\$4,989,464.88</u>

SUMMARY

Budget Forecast:	
Net Ordinary Revenue.....	\$81,063,328.00
Net Ordinary Expenditure.....	78,780,422.38
SURPLUS.....	\$2,282,905.62
Actual:	
Net Ordinary Revenue.....	\$86,052,792.88
Net Ordinary Expenditure.....	81,443,074.35
SURPLUS.....	4,609,718.53
ACTUAL SURPLUS INCREASE.....	<u>\$2,326,812.91</u>

STATEMENT No. 2C

COMPARATIVE SUMMARY ANALYSIS

GROSS AND NET ORDINARY EXPENDITURES

Cumulative Period to March 31st—Fiscal Year 1938

DEPARTMENT	Actual Gross Expenditures	Application of Revenue to Expenditure	Actual Net Expenditure	Budget Forecast Net Expenditure	Decrease or Increase
AGRICULTURE.....	\$2,109,267.82	\$ 355,405.72	\$1,753,862.10	\$1,875,024.75	\$ 121,162.65
ATTORNEY-GENERAL.....	3,588,369.13	69,308.28	3,519,060.85	2,404,430.00	1,114,630.85
EDUCATION.....	11,283,157.17	139,270.61	11,143,886.56	11,140,577.50	3,309.06
GAME AND FISHERIES.....	515,306.50	1,922.70	513,383.80	520,275.00	6,891.20
HEALTH:					
Main Office and Branches.....	1,032,357.80	9,049.06	1,023,308.74	869,245.69	154,063.05
Hospitals Branch.....	7,962,056.54	1,408,596.38	6,553,460.16	6,361,010.00	192,450.16
HIGHWAYS:					
Main Office.....	5,460,854.66		5,460,854.66	4,887,435.00	573,419.66
Municipal Roads Branch.....	2,597,704.30		2,597,704.30	2,533,025.00	64,679.30
Gasoline Tax Branch.....	42,711.83		42,711.83	65,000.00	22,288.17
Miscellaneous Permits Branch.....	21,088.78		21,088.78	27,000.00	5,911.22
Equipment Branch.....	558,653.90		558,653.90	585,000.00	26,346.10
Motor Vehicles Branch.....	399,666.84		399,666.84	329,535.00	70,131.84
INSURANCE.....	64,231.88		64,231.88	65,795.00	1,563.12
LABOUR:					
Main Office and Branches.....	650,826.44	126,348.05	524,478.39	369,206.50	155,271.89
Workmen's Compensation Board.....	41,398.03		41,398.03	160,000.00	118,601.97
LANDS AND FORESTS:					
Lands Branch.....	220,047.00		220,047.00	240,100.00	20,053.00
Forests Branch.....	2,046,591.54	546,768.70	1,499,822.84	1,546,400.00	46,577.16
LEGISLATION.....	273,020.71	30,594.05	242,426.66	260,500.00	18,073.34
LIEUTENANT-GOVERNOR.....	17,287.50		17,287.50	15,650.00	1,637.50
MINES.....	368,829.11	4,151.06	364,678.05	398,675.00	33,996.95
MUNICIPAL AFFAIRS:					
Main Office and Municipal Board.....	98,813.74	12,812.50	86,001.24	102,100.00	16,098.76
Subsidy to Municipalities.....	2,920,962.96		2,920,962.96	3,000,000.00	79,037.04
Grant to City of Toronto Airport.....	100,000.00		100,000.00	400,000.00	300,000.00
PRIME MINISTER:					
Main Office and Branches.....	190,662.95		190,662.95	169,840.00	20,822.95
Stationery Account.....	18,866.09		18,866.09		18,866.09
PROVINCIAL AUDITOR.....	118,885.89		118,885.89	120,000.00	1,114.11
PROVINCIAL SECRETARY:					
Main Office and Registrar-Gen. Branch..	124,190.59	5,388.28	118,802.31	122,405.00	3,602.69
Reformatories and Prisons Branch.....	2,066,271.52	951,088.14	1,115,183.38	857,555.00	257,628.38
PROVINCIAL TREASURER:					
Main Office.....	613,950.33		613,950.33	420,226.14	193,724.19
Controller of Revenue Branch.....	431,257.55		431,257.55	354,265.00	76,992.55
Motion Picture Censorship and Theatre Inspection.....	57,080.08		57,080.08	46,100.00	10,980.08
Post Office.....	145,809.72		145,809.72	137,225.00	8,584.72
Savings Office.....	291,099.69	291,099.69			
PUBLIC WELFARE:					
Main Office and Branches.....	448,716.66	235.80	448,480.86	563,800.00	115,319.14
Old Age Pensions Commission.....	3,163,685.17		3,163,685.17	3,279,700.00	116,014.83
Mothers' Allowances Commission.....	4,981,912.06		4,981,912.06	5,141,800.00	159,887.94
Unemployment Relief Branch.....	9,959,710.30		9,959,710.30	9,048,490.00	911,220.30
Housing Scheme.....	36,454.05		36,454.05		36,454.05
PUBLIC WORKS.....	778,537.44	44,172.25	734,365.19	656,547.00	77,818.19
MISCELLANEOUS:					
Various.....	25,400.00		25,400.00	53,400.00	28,000.00
PROVINCIAL TREASURER:					
Public Debt—Interest, etc.....	29,403,182.85	21,596.67 13,693.60 103,643.54 9,650,657.69	19,613,591.35	19,653,084.80	39,493.45
	\$95,228,877.12	\$13,785,802.77	\$81,443,074.35	\$78,780,422.38	\$3,942,684.81
					1,280,032.84
INCREASE.....					\$2,662,651.97

STATEMENT No. 3

Detailed Statement Showing Principal Sources of Net Revenue
For the Year Ended March 31st, 1938

DOMINION GOVERNMENT.....		\$ 3,014,252.96
Annual Subsidy.....	\$ 2,941,424.28	
Interest—Common School Fund.....	72,828.68	
	<u>\$ 3,014,252.96</u>	
TAXATION.....		56,159,077.28
Gasoline Tax.....	\$17,644,164.47	
Corporations Tax.....	9,837,867.26	
Succession Duties.....	20,214,183.30	
Income Tax.....	6,041,488.03	
Amusements Tax.....	227,669.43	
Mining or Mineral Taxes.....	1,895,056.00	
Fire Marshal.....	58,933.43	
Provincial Land Tax.....	234,761.42	
Other Taxes.....	4,953.94	
	<u>\$56,159,077.28</u>	
ROYALTIES, DUTIES AND DUES.....		3,057,996.04
Bonus and Timber.....	\$ 2,928,504.94	
Game and Fisheries.....	74,482.65	
Sand and Gravel.....	55,008.45	
	<u>\$ 3,057,996.04</u>	
LICENSES AND PERMITS.....		10,333,609.91
Motor Vehicles.....	\$ 8,445,612.72	
Game and Fisheries.....	764,337.97	
Liquor Permits.....	525,000.00	
Garages, Gas Pumps, etc.....	96,954.28	
Marriages.....	97,559.00	
Theatres, etc.....	89,065.33	
Miners.....	69,757.36	
Insurance Act.....	222,676.00	
Loan and Trust Corporations Act.....	10,705.00	
Other Licenses and Permits.....	11,942.25	
	<u>\$10,333,609.91</u>	
FEES.....		2,039,725.27
Law Stamps.....	\$ 419,279.90	
Letters Patent and Supplementary Letters Patent.....	171,528.00	
Companies Act (Incorporation Returns and Registration Fees).....	73,790.93	
Motor Vehicles.....	235,466.67	
Legislation (Private Bills).....	6,960.75	
Court and Legal (Police Magistrates, Crown Attorneys, Sheriffs, Division Court Clerks, Bailiffs).....	421,626.87	
Registry Offices and Land Transfers.....	227,669.60	
Brokers and Salesmen, Real Estate Brokers and Salesmen.....	110,253.82	
Censorship.....	115,066.90	
Vital Statistics (Certificates, Searches, etc.).....	42,808.45	
Mines and Mining (Including Fees of Operators).....	151,924.40	
Public Health (Boards of Health, Laboratories, Nurses).....	35,034.50	
Other Fees.....	28,314.48	
	<u>\$ 2,039,725.27</u>	
FINES AND PENALTIES.....		258,236.43
Breach of Highway Traffic Act.....	\$ 91,823.23	
Police Magistrates and Crown Attorneys.....	153,757.90	
Game and Fisheries.....	11,561.50	
Other Fines and Penalties.....	1,093.80	
	<u>\$ 258,236.43</u>	
PROFITS FROM TRADING ACTIVITIES.....		9,975,000.00
Liquor Control Board:		
Profits, Fines, Licenses, etc.....	\$ 9,975,000.00	
	<u>\$ 9,975,000.00</u>	
AGRICULTURE AND PUBLIC DOMAIN.....		666,304.84
Rentals—Crown Leases and Licenses of Occupation.....	\$ 478,946.60	
Ground Rentals.....	88,163.13	
Rentals, Parks, etc.....	27,329.53	
Rentals—Mining Leases and Licenses of Occupation.....	20,744.90	
Sales—Crown Lands.....	17,562.14	
Sales—Lumber, etc.....	10,756.44	
Miscellaneous.....	22,802.10	
	<u>\$ 666,304.84</u>	
REPAYMENTS—HIGHWAYS.....		107,870.96
Counties, Cities and Separate Towns.....	\$ 107,870.96	
	<u>\$ 107,870.96</u>	
MISCELLANEOUS—Unclassified.....		440,719.19
		<u>\$86,052,792.88</u>

STATEMENT No. 4

Analysis of Budgeted Gross Revenue

Fiscal Year 1939-40

DOMINION GOVERNMENT:

Annual Subsidy	\$ 2,941,424.00
Interest, Common School Fund	73,000.00

\$ 3,014,424.00 2.9123%

TAXATION:

Gasoline Tax	25,000,000.00
Corporations Tax	10,000,000.00
Succession Duties	17,000,000.00
Income Tax	6,000,000.00
Mining or Mineral Tax	2,247,820.00
Fire Marshal Tax	60,500.00
Provincial Land Tax	125,000.00
Stock Transfer Tax	700,000.00
Other Taxes	400,000.00

61,533,320.00 59.4485%

ROYALTIES, DUTIES AND DUES:

Bonus and Timber	1,921,950.00
Game and Fisheries	90,000.00
Sand and Gravel	50,000.00

2,061,950.00 1.9921%

LICENSES AND PERMITS:

Motor Vehicles	9,200,000.00
Game and Fisheries	765,300.00
Liquor Permits	500,000.00
Garage Gas Pumps, etc.	90,000.00
Marriage	95,000.00
Theatres, etc.	85,000.00
Miners	75,000.00
Insurance Act	219,165.00
Loan and Trust Corporations Act	10,535.00
Other Licenses and Permits	30,630.00

11,070,630.00 10.6955%

FEES:

Law Stamps	400,000.00
Letters Patent and Supplementary Letters Patent	174,000.00
Companies Act (Incorporation Returns and Registration Fees) ..	31,000.00
Legislation (Private Bills)	7,000.00
Court and Legal (Police Magistrates, Crown Attorneys, Sheriffs, Division Court Clerks, Bailiffs)	408,400.00
Registry Office and Land Transfers	322,000.00
Brokers and Salesmen, Real Estate Brokers and Salesmen	100,000.00
Censorship	100,000.00
Vital Statistics (Certificates, Searches, etc.)	43,000.00
Mines and Mining (including Fees of Operators)	177,000.00
Public Health (Laboratories, Nurses Reg.)	44,438.00
Other Fees	312,556.40

2,119,394.40 2.0476%

FINES AND PENALTIES:

Police Magistrates and Crown Attorneys	147,000.00
Other Fines and Penalties	12,175.00

159,175.00 .1538%

PROFITS FROM TRADING ACTIVITIES:

Liquor Control Board (Profits, Fines, Licenses, etc.)	10,250,000.00
---	---------------

9.9027%

AGRICULTURE AND PUBLIC DOMAIN:

Rentals—Crown Leases and Licenses of Occupation	440,000.00
Ground Rentals	60,000.00
Rentals—Parks, etc.	53,540.00
Rentals—Mining Leases and Licenses of Occupation	30,050.00
Sales—Crown Lands	15,100.00
Miscellaneous	123,050.00

721,740.00 .6973%

INTEREST—Public Debt, etc.

9,129,685.84 8.8204%

MISCELLANEOUS—Sales, Maintenance of Patients, etc.

3,446,591.37 3.3298%

LESS APPLICATION OF REVENUE TO EXPENDITURE

103,506,910.61 100.0000%

13,244,928.21 12.7962%

NET BUDGET ORDINARY REVENUE

\$90,261,982.40 87.2038%

STATEMENT No. 5

STATEMENT SHOWING SURPLUS OR DEFICIT

For the Period from July 1st, 1867 to March 31st, 1939

	Ordinary Revenue *	Ordinary Expenditure *	Surplus	Deficit
July 1st, 1867 to December 31st, 1867.....	\$ 182,899.63	\$ 56,669.97	\$ 126,229.66	
Fiscal Year ended December 31st, 1868.....	2,250,207.74	1,179,269.17	1,070,938.57	
" " " " 1869.....	2,625,179.29	1,445,751.73	1,179,427.56	
" " " " 1870.....	2,500,695.70	1,578,976.65	921,719.05	
" " " " 1871.....	2,333,179.62	1,816,784.11	516,395.51	
" " " " 1872.....	3,060,747.97	2,217,555.07	843,192.90	
" " " " 1873.....	2,961,515.31	2,940,803.45	20,711.86	
" " " " 1874.....	3,446,347.93	3,870,704.14		\$ 424,356.21
" " " " 1875.....	3,156,605.81	3,604,524.42		447,918.61
" " " " 1876.....	2,589,222.83	3,139,505.66		550,282.83
" " " " 1877.....	2,502,566.04	3,119,117.73		616,551.69
" " " " 1878.....	2,285,178.07	2,902,388.37		617,210.30
" " " " 1879.....	2,287,951.39	2,941,714.27		653,762.88
" " " " 1880.....	2,584,169.76	2,518,186.80	65,982.96	
" " " " 1881.....	2,788,746.78	2,579,802.28	208,944.50	
" " " " 1882.....	2,880,450.40	2,918,826.95		38,376.55
" " " " 1883.....	2,439,941.42	2,887,037.73		447,096.31
" " " " 1884.....	2,820,555.45	3,207,889.67		387,334.22
" " " " 1885.....	3,005,920.71	3,040,139.07		34,218.36
" " " " 1886.....	3,148,660.01	3,181,449.69		32,789.68
" " " " 1887.....	3,527,577.95	3,454,372.43	73,205.52	
" " " " 1888.....	3,603,262.14	3,545,234.85	58,027.29	
" " " " 1889.....	3,538,405.08	3,653,356.37		114,951.29
" " " " 1890.....	3,423,154.99	3,896,324.38		473,169.39
" " " " 1891.....	4,138,589.09	4,158,459.55		19,870.46
" " " " 1892.....	4,662,921.57	4,068,257.39	594,664.18	
" " " " 1893.....	4,091,914.01	3,907,145.32	184,768.69	
" " " " 1894.....	3,453,162.69	3,839,338.75		386,176.06
" " " " 1895.....	3,585,300.10	3,758,595.44		173,295.34
" " " " 1896.....	3,490,671.45	3,703,379.73		212,708.28
" " " " 1897.....	4,139,847.68	3,767,675.70	372,171.98	
" " " " 1898.....	3,647,353.09	3,803,081.38		155,728.29
" " " " 1899.....	4,096,494.96	3,710,420.82	386,074.14	
" " " " 1900.....	4,192,940.18	4,003,729.37	189,210.81	
" " " " 1901.....	4,466,043.92	4,038,834.49	427,209.43	
" " " " 1902.....	4,291,082.91	4,345,003.58		53,920.67
" " " " 1903.....	5,466,653.13	4,888,982.57	577,670.56	
" " " " 1904.....	6,128,358.57	5,267,453.02	860,905.55	
" " " " 1905.....	6,016,176.42	5,396,016.74	620,159.68	
" " " " 1906.....	7,149,478.39	6,720,179.07	429,299.32	
" " " " 1907.....	8,320,419.19	7,714,245.61	606,173.58	
" " " " 1908.....	8,602,902.96	8,557,064.60	45,838.36	
Ten months ended October 31st, 1909.....	7,477,920.94	7,545,040.47		67,119.53
Fiscal Year ended October 31st, 1910.....	8,891,004.68	8,887,520.09	3,484.59	
" " " " 1911.....	9,370,833.90	9,619,934.03		249,100.13
" " " " 1912.....	10,042,000.68	10,287,991.59		245,990.91
" " " " 1913.....	11,188,302.09	10,868,026.28	320,275.81	
" " " " 1914.....	11,121,382.07	11,819,310.65		697,928.58
" " " " 1915.....	12,975,732.19	12,704,362.16	271,370.03	
" " " " 1916.....	13,841,339.64	12,706,332.90	1,135,006.74	
" " " " 1917.....	18,269,597.23	16,518,222.64	1,751,374.59	
" " " " 1918.....	19,270,123.71	17,460,404.05	1,809,719.66	
" " " " 1919.....	19,904,772.04	21,464,574.88		1,559,802.84
" " " " 1920.....	25,078,094.62	25,880,842.45		802,747.83
" " " " 1921.....	29,261,477.39	28,579,687.98	681,789.41	
" " " " 1922.....	38,507,311.09	37,442,985.83	1,064,325.26	
" " " " 1923.....	26,166,213.39	41,361,439.92		15,195,226.53
" " " " 1924.....	30,569,015.92	39,037,780.43		8,468,764.51
" " " " 1925.....	35,852,404.28	40,959,769.27		5,107,364.99
" " " " 1926.....	40,984,958.63	41,797,098.94		812,140.31
" " " " 1927.....	46,607,638.88	46,248,415.49	359,223.39	
" " " " 1928.....	48,570,217.10	48,341,980.66	228,236.44	
" " " " 1929.....	54,012,679.53	51,369,785.85	2,642,893.68	
" " " " 1930.....	57,343,291.21	57,989,352.69		646,061.48
" " " " 1931.....	54,390,092.37	54,846,994.28		456,901.91
" " " " 1932.....	54,175,233.01	56,236,031.32		2,060,798.31
" " " " 1933.....	**51,373,051.98	50,896,626.37	476,425.61	
" " " " 1934.....	50,067,841.37	80,667,091.15		30,599,249.78
Five Months ended March 31st, 1935.....	21,048,944.06	31,489,616.34		10,440,672.28
Fiscal Year ended March 31st, 1936.....	65,726,984.57	79,069,690.31		13,342,705.74
" " " " 1937.....	80,488,439.95	71,174,501.41	9,313,938.54	
" " " " 1938.....	86,052,792.88	81,443,074.35	4,609,718.53	
" " " " 1939.....	***96,057,788.00	95,821,750.00	236,038.00	

*NOTE—Revenue and Expenditure Figures for the years 1867 to 1907 inclusive comprise both Ordinary and Capital revenue and expenditure.
Revenue and Expenditure from 1923 to 1937 inclusive shown as Net after applying certain Revenues as a reduction of Expenditure.

**Subject to certain adjustments, for particulars of which see Page 11 Budget Address delivered April 2nd, 1935.

***Gross Interim figures only, actual results show surplus of \$322,495.42.

STATEMENT No. 6

PROVINCE
Statement of Gross
1914-

		Gross Debt		Realizable and Income		
		Total	Yearly Increase	Hydro	T. & N.O.	Loans, Cash and Accts. Receivable
		\$	\$	\$	\$	\$
End of Whitney Regime	1914.....	41,716,000	.....	10,110,000	20,246,000	5,066,000
Hearst Regime	1915.....	50,275,000	8,559,000	12,316,000	20,483,000	8,007,000
"	1916.....	59,336,000	9,061,000	21,939,000	21,184,000	7,684,000
"	1917.....	61,825,000	2,489,000	27,489,000	21,594,000	5,805,000
"	1918.....	75,309,000	13,484,000	36,244,000	21,823,000	9,477,000
"	1919.....	97,032,000	21,723,000	47,700,000	22,335,000	13,882,000
Drury Regime	1920.....	127,262,000	30,230,000	65,717,000	22,681,000	16,009,000
"	1921.....	202,446,000	75,184,000	102,946,000	23,599,000	31,292,000
"	1922.....	233,189,000	30,743,000	116,786,000	25,654,000	30,704,000
"	1923.....	291,025,000	57,836,000	124,360,000	28,075,000	37,612,000
Ferguson Regime	1924.....	329,508,000	38,483,000	135,045,000	30,208,000	45,262,000
"	1925.....	332,391,000	2,883,000	141,717,000	30,208,000	27,885,000
"	1926.....	349,116,000	16,725,000	142,473,000	30,208,000	31,899,000
"	1927.....	368,920,000	19,804,000	147,120,000	30,208,000	33,813,000
"	1928.....	394,114,000	25,194,000	152,936,000	30,208,000	37,176,000
"	1929.....	426,914,000	32,800,000	164,522,000	30,208,000	44,007,000
"	1930.....	473,372,000	46,458,000	176,799,000	30,208,000	53,587,000
Henry Regime	1931.....	520,667,000	47,295,000	188,377,000	30,208,000	58,055,000
"	1932.....	574,419,000	53,752,000	189,635,000	30,208,000	76,902,000
"	1933.....	594,128,000	19,709,000	187,965,000	30,208,000	76,514,000
"	1934.....	655,761,000	61,633,000	187,829,000	37,208,000	72,247,000
Hepburn Regime	1935*.....	674,386,000	18,625,000	187,878,000	37,208,000	70,885,000
"	1936.....	689,559,000	15,173,000	172,735,000	36,408,000	74,377,000
"	1937.....	656,460,000	33,099,000	151,573,000	30,208,000	69,243,000
"	1938.....	678,075,000	21,615,000	149,621,000	30,208,000	59,952,000

*Five months ended March 31st.
**Population as per Dominion Bureau of Statistics' Estimates as shown in Canada Year Book 1936, p. 141.

a " " " " " " " " " " " " 1937, p. 153.
b " " " " " " " " " " " " 1938, p. 155.

NOTE:—Actual figures to nearest \$1,000.

STATEMENT No. 6

OF ONTARIO

and Net Debt

1938

Producing Assets

Net Debt

Total \$	Yearly Increase \$	Total \$	Yearly Increase \$	Year	** Population	Per Capita Net Debt
35,422,000	.....	6,294,000	.....	1914 Est.	2,705,000	2.33
40,806,000	5,384,000	9,469,000	3,175,000	1915 "	2,724,000	3.48
50,807,000	10,001,000	8,529,000	940,000	1916 "	2,713,000	3.14
54,888,000	4,081,000	6,937,000	1,592,000	1917 "	2,724,000	2.55
67,544,000	12,656,000	7,765,000	828,000	1918 "	2,744,000	2.83
83,917,000	16,373,000	13,115,000	5,350,000	1919 "	2,789,000	4.70
104,407,000	20,490,000	22,855,000	9,740,000	1920 "	2,863,000	7.98
157,837,000	53,430,000	44,609,000	21,754,000	1921 Cen.	2,934,000	15.20
173,144,000	15,307,000	60,045,000	15,436,000	1922 Est.	2,980,000	20.15
190,047,000	16,903,000	100,978,000	40,933,000	1923 "	3,013,000	33.51
210,515,000	20,468,000	118,993,000	18,015,000	1924 "	3,059,000	38.90
199,810,000	10,705,000	132,581,000	13,588,000	1925 "	3,111,000	42.62
204,580,000	4,770,000	144,536,000	11,955,000	1926 "	3,164,000	45.68
211,141,000	6,561,000	157,779,000	13,243,000	1927 "	3,219,000	49.01
220,320,000	9,179,000	173,794,000	16,015,000	1928 "	3,278,000	53.02
238,737,000	18,417,000	188,177,000	14,383,000	1929 "	3,334,000	56.44
260,594,000	21,857,000	212,778,000	24,601,000	1930 "	3,386,000	62.84
276,640,000	16,046,000	244,027,000	31,249,000	1931 Cen.	3,432,000	71.10
296,745,000	20,105,000	277,674,000	33,647,000	1932 Est.	3,459,000	80.28
294,687,000	2,058,000	299,441,000	21,767,000	1933 "	3,524,000	84.97
297,284,000	2,597,000	358,477,000	59,036,000	1934 "	3,566,000	100.53
295,971,000	1,313,000	378,415,000	19,938,000	1934 "	3,566,000	106.12
283,520,000	12,451,000	406,039,000	27,624,000	1935 "	3,596,000	112.91
151,024,000	32,496,000	405,436,000	603,000	a 1936 "	3,690,000	109.87
239,781,000	11,243,000	438,294,000	32,858,000	b 1937 "	3,711,000	118.11

STATEMENT No. 7

STATEMENT OF GROSS

1914-
INCREASES

		Gross Debt	
		Total	Hydro
End of Whitney Regime	1914.....	\$ 41,716,000	\$ 10,110,000
End of Hearst Regime	1919.....	97,032,000	47,700,000
End of Drury Regime	1923.....	291,025,000	124,360,000
End of Ferguson Regime	1930.....	473,372,000	176,799,000
End of Henry Regime	1934.....	655,761,000	187,829,000
HEARST—5 YEARS			
End of Hearst Regime	1919.....	97,032,000	47,700,000
End of Whitney Regime	1914.....	41,716,000	10,110,000
Increase over 5 years.....		\$ 55,316,000	\$ 37,590,000
Average Annual Increase.....		\$ 11,063,000	\$ 7,518,000
DRURY—4 YEARS			
End of Drury Regime	1923.....	\$291,025,000	\$124,360,000
End of Hearst Regime	1919.....	97,032,000	47,700,000
Increase over 4 years.....		\$193,993,000	\$ 76,660,000
Average Annual Increase.....		\$ 48,498,000	\$ 19,165,000
FERGUSON—7 YEARS			
End of Ferguson Regime	1930.....	\$473,372,000	\$176,799,000
End of Drury Regime	1923.....	291,025,000	124,360,000
Increase over 7 years.....		\$182,347,000	\$ 52,439,000
Average Annual Increase.....		\$ 26,049,000	\$ 7,491,000
HENRY—4 YEARS			
End of Henry Regime	1934.....	\$655,761,000	\$187,829,000
End of Ferguson Regime	1930.....	473,372,000	176,799,000
Increase over 4 years.....		\$182,389,000	\$ 11,030,000
Average Annual Increase.....		\$ 45,597,000	\$ 2,757,000
HEPBURN—			
End of March	*1935.....	\$674,386,000	\$187,878,000
End of Henry Regime	1934.....	655,761,000	187,829,000
Increase over 5 months.....		\$ 18,625,000	\$ 49,000
End of March, 1936.....		\$689,559,000	\$172,735,000
End of March, 1935.....		674,386,000	187,878,000
Increase for year 1936.....		\$ 15,173,000	\$ 15,143,000
End of March, 1937.....		\$656,460,000	\$151,573,000
End of March, 1936.....		689,559,000	172,735,000
Decrease for year 1937.....		\$ 33,099,000	\$ 21,162,000
End of March, 1938.....		\$678,075,000	\$149,621,000
End of March, 1937.....		656,460,000	151,573,000
Increase.....		\$ 21,615,000	\$ 1,952,000

*Five months ended March 31st.

NOTE:—Actual figures to nearest \$1,000.

STATEMENT No. 7

AND NET DEBT

1938

BY REGIMES

Realizable and Income Producing AssetsNet Debt

T. & N.O. Ry.	Loans, Cash and Accts. Receivable	Total	Total
\$ 20,246,000	\$ 5,066,000	\$ 35,422,000	\$ 6,294,000
22,335,000	13,882,000	83,917,000	13,115,000
28,075,000	37,612,000	190,047,000	100,978,000
30,208,000	53,587,000	260,594,000	212,778,000
37,208,000	72,247,000	297,284,000	358,477,000
22,335,000	13,882,000	83,917,000	13,115,000
20,246,000	5,066,000	35,422,000	6,294,000
\$ 2,089,000	\$ 8,816,000	\$ 48,495,000	\$ 6,821,000
\$ 418,000	\$ 1,763,000	\$ 9,699,000	\$ 1,364,000
\$ 28,075,000	\$ 37,612,000	\$190,047,000	\$100,978,000
22,335,000	13,882,000	83,917,000	13,115,000
\$ 5,740,000	\$ 23,730,000	\$106,130,000	\$ 87,863,000
\$ 1,435,000	\$ 5,932,000	\$ 26,532,000	\$ 21,966,000
\$ 30,208,000	\$ 53,587,000	\$260,594,000	\$212,778,000
28,075,000	37,612,000	190,047,000	100,978,000
\$ 2,133,000	\$ 15,975,000	\$ 70,547,000	\$111,800,000
\$ 305,000	\$ 2,282,000	\$ 10,078,000	\$ 15,971,000
\$ 37,208,000	\$ 72,247,000	\$297,284,000	\$358,477,000
30,208,000	53,587,000	260,594,000	212,778,000
\$ 7,000,000	\$ 18,660,000	\$ 36,690,000	\$145,699,000
\$ 1,750,000	\$ 4,665,000	\$ 9,172,000	\$ 36,425,000
\$ 37,208,000	\$ 70,885,000	\$295,971,000	\$378,415,000
37,208,000	72,247,000	297,284,000	358,477,000
.....	\$ 1,362,000	\$ 1,313,000	\$ 19,938,000
\$ 36,408,000	\$ 74,377,000	\$283,520,000	\$406,039,000
37,208,000	70,885,000	295,971,000	378,415,000
\$ 800,000	\$ 3,492,000	\$ 12,451,000	\$ 27,624,000
\$ 30,208,000	\$ 69,243,000	\$251,024,000	\$405,436,000
36,408,000	74,377,000	283,520,000	406,039,000
\$ 6,200,000	\$ 5,134,000	\$ 32,496,000	\$ 603,000
\$ 30,208,000	\$ 59,952,000	\$239,781,000	\$438,294,000
30,208,000	69,243,000	251,024,000	405,436,000
.....	\$ 9,291,000	\$ 11,243,000	\$ 32,858,000

SUB-INDEX No. 2

FINANCIAL STATEMENTS

(As per Public Accounts)

As AT MARCH 31, 1938

	PAGE
1—Public Debt—Proceeds of Loans.....	84
2—Public Debt—Payments.....	85
3—Provincial Debt, showing Investment thereof.....	86
4—Gross Provincial Debt—showing Increase for Fiscal Year ended March 31st, 1938.....	87
5—Net Provincial Debt—showing Increase for Fiscal Year ended March 31st, 1938.	88
6—Sources of Revenue.....	89

STATEMENT No. 1

PUBLIC DEBT

Proceeds of Loans for Fiscal Year, 1938

STOCK AND
DEBENTURES:

Series

"RC"	R.S.O. 1927, Cap. 23 and Amendments—2% Debentures, due August 1st, 1940, payable Canada—	Par Value	\$ 10,000,000 00	
		Less Discount.....	58,000 00	\$ 9,942,000 00
"RD"	R.S.O. 1927, Cap. 23 and Amendments—2½% Debentures, due August 1st, 1944, payable Canada—	Par Value	\$ 10,000,000 00	
		Less Discount.....	221,000 00	9,779,000 00
"CF"	R.S.O. 1927, Cap. 23 and Amendments—24 Geo. V. (Ontario) Cap. 5—5% Exchequer Bonds, due September 1st, 1942, payable Toronto—	Par Value		700,000 00
"TI"	R.S.O. 1937, Cap. 366, Section 3 (3)—4¾% Stock, due November 1st, 1942, payable Toronto—	Par Value		900,000 00
"RE"	R.S.O. 1927, Cap. 23 and Amendments—1 Geo. VI (Ontario) Cap. 54—2% Debentures, due January 15th, 1941, payable Canada—	Par Value	\$ 8,000,000 00	
		Less Discount.....	96,000 00	7,904,000 00
"RF"	R.S.O. 1927, Cap. 23 and Amendments—1 Geo. VI (Ontario) Cap. 54—2½% Debentures, due May 15th, 1945, payable Canada—	Par Value	\$ 5,000,000 00	
		Less Discount.....	167,000 00	4,833,000 00
"BH"	R.S.O. 1927, Cap. 23 and Amendments—1 Geo. VI (Ontario) Cap. 54—3¼% Debentures, due November 15th, 1949-51, payable Canada—	Par Value	\$ 12,000,000 00	
		Less Discount.....	324,000 00	11,676,000 00
TREASURY BILLS:				\$45,734,000 00

TREASURY BILLS:

Series

"EA"	R.S.O. 1927, Cap. 23 and Amendments—1¾%, 1 year, due June 1st, 1938.....	\$ 1,500,000 00	
"RTF"	R.S.O. 1927, Cap. 23 and Amendments— (Renewal)— 1¾%, 6 months, due Dec. 1st, 1937	\$ 5,000,000 00	
"RTJ"	R.S.O. 1927, Cap. 23 and Amendments—1¾%, 1 year, due June 1st, 1938.....	5,000,000 00	10,000,000 00
"RTH"	R.S.O. 1927, Cap. 23 and Amendments—1¾%, 5 months, due November 15th, 1937.....		6,000,000 00
"EB"	R.S.O. 1927, Cap. 23 and Amendments—1 Edward VIII (Ontario) Cap. 44— 1.65%, 1 year, due September 13th, 1938		10,000,000 00
"EC"	R.S.O. 1927, Cap. 23 and Amendments—1 Edward VIII (Ontario) Cap. 44— 1.65%, 1 year, due September 13th, 1938		6,000,000 00
"ED"	R.S.O. 1927, Cap. 23 and Amendments—1 Edward VIII (Ontario) Cap. 44— 1¾%, 1 year, due November 1st, 1938		10,000,000 00
"RF"	R.S.O. 1927, Cap. 23 and Amendments—1 Edward VIII (Ontario) Cap. 44— 1½%, 4 months, due March 12th, 1938		2,000,000 00
"RTK"	R.S.O. 1937, Cap. 22— 1.65%, 1 year, due February 15th, 1939.....		10,000,000 00
"RTL"	R.S.O. 1937, Cap. 22— (Renewal)—1½%, 1 year, due March 12th, 1939.....		2,000,000 00
			67,500,000 00

PROVINCE OF ONTARIO SAVINGS OFFICE—

Deposits with the Provincial Treasurer	2,445,717 18
	<u>\$115,679,717 18</u>

NOTE—All Treasury Bills issued are payable only at Toronto.

STATEMENT No. 2

PUBLIC DEBT

Payments for Year ended March 31st, 1939

ANNUITIES:

Matured	\$	9,200.00	
Prior to Maturity		975.00	
			\$ 10,175.00

STOCKS AND DEBENTURES:

MATURED—

Series				
"BE"				\$11,841,500.00
"BF"				10,000,000.00
"AH"	Instalment maturity due	December 1st, 1937		700,000.00
"AJ"	"	January 15th, 1938		800,000.00
"AK"	"	November 1st, 1937		800,000.00
"AL"	"	May 15th, 1937		446,000.00
"AP"	"	May 15th, 1937		389,000.00
"AR"	"	January 15th, 1938		338,000.00
"AS"	"	June 1st, 1937		384,000.00
"AX"	"	June 1st, 1937		2,000,000.00
"BD"	"	August 30th, 1937		7,500,000.00
				\$35,198,500.00

Purchased under the Succession Duty Act:

Series			
"A"			\$ 29,800.00
"B"			50,000.00
"C & D"			108,600.00
			188,400.00

Purchased for Cancellation:

Series			
"UU & XX"			\$ 103,000.00
"WW & YY"			113,500.00
"AB"			30,000.00
"AC"			25,000.00
"AG"			1,000.00
"AH"			22,000.00
"AJ"			3,000.00
"AK"			2,000.00
"AL"			35,000.00
"AM"			22,000.00
"AN"			47,500.00
"AP"			90,000.00
"AR"			98,000.00
"AS"			59,000.00
"AV"			1,946.67
"BC"			1,000.00
"RA"			1,410,000.00
"RB"			375,000.00
			2,438,946.67
			37,825,846.67

TREASURY BILLS:

MATURED—

Series			
"RTD"	1 $\frac{3}{4}$	due June 1st, 1937	\$12,500,000.00
"RTE"	1 $\frac{3}{4}$	" February 15th, 1938	4,000,000.00
"RTF"	1 $\frac{3}{4}$	" December 1st, 1937	5,000,000.00
"RTG"	1 $\frac{3}{4}$	" September 12th, 1937	10,000,000.00
"RTH"	1 $\frac{3}{4}$	" November 15th, 1937	10,000,000.00
"EF"	1 $\frac{1}{2}$	" March 12th, 1938	2,000,000.00
			\$43,500,000.00

Purchased for Cancellation:

Series			
"DV"	2 $\frac{1}{2}$	due December 1st, 1937	\$ 2,500,000.00
"DZ"	1 $\frac{3}{4}$	" August 27th, 1937	5,000,000.00
"RTE"	1 $\frac{3}{4}$	" August 15th, 1937	4,000,000.00
"EA"	1 $\frac{3}{4}$	" June 1st, 1938	1,500,000.00
			13,000,000.00
			56,500,000.00
			<u>\$94,336,021.67</u>

STATEMENT No. 3

PROVINCIAL DEBT

Statement Showing Investment Thereof as at March 31st, 1938

FUNDED DEBT:

Stock and Debentures Outstanding.....	\$585,113,974	55
Certificates and Annuities.....	443,556	71
	<u>\$585,557,531</u>	<u>26</u>
Deduct—Sinking Fund Investments.....	9,884,829	54
Total Funded Debt.....	<u>\$575,672,701</u>	<u>72</u>

UNFUNDED DEBT—

Treasury Bills.....	\$ 49,000,000	00
Savings Office Deposits.....	40,325,014	10
Special Funds, etc.....	4,140,503	44
	<u>93,465,517</u>	<u>54</u>
ACCOUNTS PAYABLE AND ACCRUED INTEREST.....	8,936,296	68

Gross Debt.....\$678,074,515 94

INVESTMENT THEREOF—

Revenue Producing and Realizable Assets—		
Hydro-Electric Power Commission Advances.....	\$149,620,646	87
Temiskaming and Northern Ontario Railway—		
Advances.....	30,207,934	92
Farm, Housing, Municipal and Settlers' Loans.....	55,631,080	40
Cash and Accounts Receivable.....	\$ 3,886,542	95
King's Highway and Trans-Canada		
Construction—		
Due by Cities, Counties and		
Dominion Government.....	434,627	10
	<u>4,321,170</u>	<u>05</u>
	<u>\$239,780,832</u>	<u>24</u>

Revenue Producing but not Realizable Assets—

Roads and Highways.....	\$262,169,103	99
Less—Due by Cities, Counties and		
Dominion Government.....	434,627	10
	<u>261,734,476</u>	<u>89</u>
Niagara Parks Commission (Surplus of Assets).....	2,187,634	06
Common School Fund—Trust Fund, (Ontario and Quebec)	1,459,934	29
	<u>265,382,045</u>	<u>24</u>

Total Revenue Producing Assets.....\$505,162,877 48

Non-Revenue Producing Assets—

Provincial Buildings, Public Works, etc.....	\$ 98,092,446	18
Plant, Stores and Equipment.....	2,135,460	36
Deferred Assets.....	2,203,750	18
	<u>102,431,656</u>	<u>72</u>

Other Assets—

Capital Value of Annual Subsidy.....	\$ 58,828,485	60
Unemployment (Direct) Relief (Less amount written off)	14,045,036	40
Discount on Debentures, etc. (Less amount written off).	8,562,125	19
	<u>81,435,647</u>	<u>19</u>

Total Assets.....\$689,030,181 39

SURPLUS AND RESERVES—represented in above Assets.....\$ 10,955,665 45

STATEMENT No. 4

GROSS PROVINCIAL DEBT

Statement Showing Increase

For the Fiscal Year, April 1st, 1937, to March 31st, 1938

	1935		1936		1937		1938		Increase 1938 over 1937
	\$	c.	\$	c.	\$	c.	\$	c.	\$ c.
Funded Debt	587,191,342	46	594,112,954	50	567,973,130	86	575,672,701	72	7,699,570 86
Unfunded Debt	77,819,661	64	86,056,340	45	80,105,266	96	93,465,517	54	13,360,250 58
Income Liabilities	9,374,912	88	9,389,218	81	8,381,950	55	8,936,296	68	554,346 13
	674,385,916	98	689,558,513	76	656,460,348	37	678,074,515	94	21,614,167 57

INCREASE IN GROSS DEBT ACCOUNTED FOR THUS—

Capital Disbursements—

Disbursements on Highways, Public Buildings and Works,
etc..... \$ 38,962,709 02
Less—Capital Receipts..... 707,404 90

\$ 38,255,304 12
866,000 00

Discount on Debentures Issued during year.....
Increase in Income Liabilities \$ 554,346 13
Less—Interest on Unclaimed Defini-
tives..... 1,515 00

Increase in Sundry Assets of Savings Offices 552,831 13
190,627 29

\$ 39,864,762 54

Deduct:

Surplus—

Surplus on Ordinary Account (as per
Statement 1) \$ 4,609,718 53

Provision Charged to Ordinary Expendi-
ture—

Retirement of Railway Aid Certificates 92,594 20
Sinking Fund Instalments..... 947,965 00

\$ 5,650,277 73

Discount on Debentures, etc., Written Off..... 832,077 24

Earnings on Sinking Fund Investments (net)..... 23,848 27

Provision for Accrued Interest on Treasury Bills..... 43,553 41

Net Repayments on Loans Receivable—

Hydro-Electric Power Commission
of Ontario..... \$ 1,952,297 07

Agricultural Development Board . 1,865,000 00

Housing Loans.. 1,099,225 56

Municipalities, etc., in respect to
Guaranteed Debentures 472,397 58

Tile Drainage Loans 127,656 21

Mothers' Allowances, Old Age Pen-
sions and Pensions for the Blind 833,891 65

Miscellaneous 103,612 46

6,454,080 53

Transferred to Reserves..... 1,201,553 99

Cash in Banks Decrease (See Statement No. 1) 4,045,203 80

18,250,594 97

NET INCREASE..... \$ 21,614,167 57

STATEMENT No. 5

NET PROVINCIAL DEBT

Statement Showing Increase

For the Fiscal Year, April 1st, 1937, to March 31st, 1938

	1935		1936		1937		1938		Increase 1938 over 1937
	\$	c.	\$	c.	\$	c.	\$	c.	\$
Gross Debt.....	674,385,916	98	689,558,513	76	656,460,348	37	678,074,515	94	21,614,167 57
Revenue Producing and Realizable Assets	295,971,410	33	283,519,690	62	251,024,308	87	239,780,832	24	11,243,476 63
NET DEBT.....	378,414,506	65	406,038,823	14	405,436,039	50	438,293,683	70	32,857,644 20

INCREASE IN NET DEBT ACCOUNTED FOR THUS—

Capital Disbursements—

Disbursements on Highways, Public Buildings and Works, etc.....

\$ 38,962,709 02

Less—Capital Receipts.....

707,404 90

\$ 38,255,304 12

Discount on Debentures Issued during year

866,000 00

Increase in Common School Fund

254 74

Decrease in Receivables due from Municipalities and Dominion Government re Highways.....

622,422 49

Decrease in Income Accounts Receivables

656,918 66

Increase in Income Liabilities.....

\$ 554,346 13

Less—Interest on Unclaimed Definitives

1,515 00

552,831 13

61,965 89

Savings Office—Furniture and Fixtures.....

Decrease in Accrued Interest on Agricultural Development Board Debentures

85,474 49

Decrease in Special Fund Investments

10,500 00

\$ 41,111,671 52

Deduct:

Surplus—

Surplus on Ordinary Account (as per Statement 1)

\$ 4,609,718 53

Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates

92,594 20

Sinking Fund Instalments.....

947,965 00

\$ 5,650,277 73

Discount on Debentures, etc.—Written Off

832,077 24

Earnings on Sinking Fund Investments (net).

23,848 27

Provision for Accrued Interest on Treasury Bills

43,553 41

Transferred to Reserves.....

1,201,553 99

Decrease in Deferred Assets

472,514 16

Miscellaneous Increases.....

30,202 52

8,254,027 32

NET INCREASE..... \$ 32,857,644 20

STATEMENT No. 6

STATEMENT SHOWING SOURCES OF ORDINARY REVENUE

For the Fiscal Year Ended March 31st, 1938

DOMINION GOVERNMENT—

Annual Subsidy.....	\$2,941,424 28	
Interest—Common School Fund.....	72,828 68	
		\$ 3,014,252 96

REVENUE DERIVED FROM INDIVIDUALS AND CORPORATIONS RECEIVING THE BENEFIT OF PROVINCIAL SERVICES, SPECIAL PRIVILEGES OR THE USE OF NATURAL RESOURCES AND PROPERTIES, AND PROFITS FROM TRADING, ETC.:

Taxation.....	\$56,159,077 28	
Gasoline, Mines, Lands, Corporations, Income, Race Tracks (betting), Amusements, Stock Transfers, Succession Duties.		
Royalties, Duties and Dues.....	3,057,996 04	
Bonus and Timber, Sand and Gravel, Game and Fish.		
Licenses and Permits.....	10,333,609 91	
Motor Vehicles, Liquor Permits, Hunting and Fishing, Insurance, Loan and Trust Companies, Mines, Theatres, etc.		
Fees.....	2,039,725 27	
Local Registrars, Police Magistrates, Crown Attorneys, etc.: Mine Recording, Companies and Brokers' Registration, etc.: Land Transfers, Motor Vehicle Transfers.		
Fines and Penalties.....	258,236 43	
Profits from Trading Activities.....	9,975,000 00	
Liquor Control Board—Profits, Fines, Sale of Confiscated Liquor, etc.		
Agriculture and Public Domain.....	666,304 84	
Repayments—Highways.....	107,870 96	
Miscellaneous.....	440,719 19	
ONTARIO GAZETTE, sale of Government Publications, and Casual Revenue.....		83,038,539 92
		<u>\$86,052,792 88</u>

