

UJ
056
5A32
1943-45

BUDGET ADDRESS

Delivered by

The Hon. Leslie M. Frost

Treasurer of the Province of Ontario

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

Thursday, March 16th, 1944

On Moving the House into Committee of Supply

Also Statements of

COMPARATIVE AND STATISTICAL
INFORMATION



ONTARIO

TORONTO

Printed and Published by T. E. Bowman, Printer to the King's Most Excellent Majesty

1944

BUDGET ADDRESS

Delivered by

The Hon. Leslie M. Frost

Treasurer of the Province of Ontario

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

Thursday, March 16th, 1944

On Moving the House into Committee of Supply

Also Statements of

COMPARATIVE AND STATISTICAL
INFORMATION



ONTARIO

TORONTO

Printed and Published by T. E. Bowman, Printer to the King's Most Excellent Majesty
1944

CHRONOLOGICAL INDEX

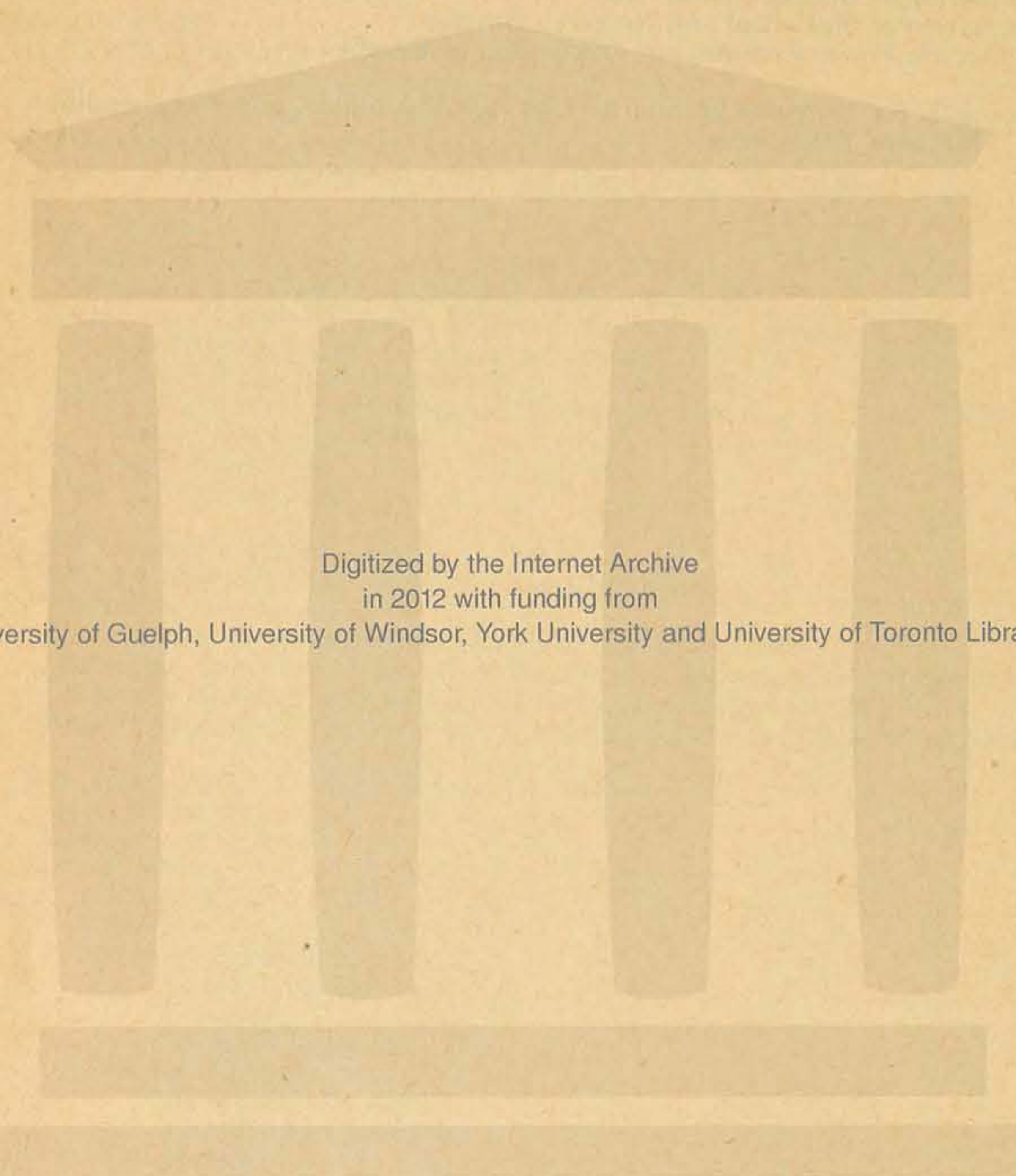
SUBJECT	PAGE
1—Motion and Preface.....	7
2—Dominion-Provincial Relations.....	7, 8, 9, 10
3—Taxation and Debt.....	10, 11, 12, 13
Revenue-producing and Realizable Debt.	
Net Debt.	
Indirect and Contingent Liabilities.	
Schedule of Debt position over last twenty-five years.	
4—Debt Retirement Plan.....	14, 15
5—Report for the year 1943-1944.....	15, 16
6—Agricultural Loans.....	16, 17
7—Universities.....	17
8—Ordinary Expenditure.....	17
9—Interim Statement—Gross Ordinary Expenditure, Fiscal Year 1943-1944.....	18
10—Interim Statement—Gross Capital Payments, Fiscal Year 1943-1944.....	19
11—Interim Revenue—Fiscal Year 1943-1944.....	19
12—Interim Summary—Fiscal Year 1943-1944.....	19
13—Interim Statement—Gross Ordinary Revenue, Fiscal Year 1943-1944.....	20
14—Interim Statement—Gross Capital Receipts, Fiscal Year 1943-1944.....	21
15—Over-all Surplus.....	21, 22
16—Provincial Debt.....	22
17—Estimated Statement of Temporary Loans Outstanding as of March 31st, 1944.....	23
18—Funded Debt—Estimated Changes.....	24
19—Contingent Liabilities.....	25
20—Detail Summary—Accounting for Estimated Decrease in Gross Debt for year ending March 31, 1944.....	26
21—Estimated Decrease—Net Debt.....	26
22—Sinking Funds.....	27
23—September 1943 Loan.....	27
24—Ways and Means, 1944-1945.....	27, 28, 29, 30
Liquor Control Board.	
Corporations Tax.	
Public Debt Interest.	
Taxation.	
25—Real Estate Taxation and Cost of Education.....	30
26—Schedule showing trend of Municipal Taxation and Debt, 1925-1942.....	31, 32
27—Province's intention re cost of Education.....	32, 33, 34
28—Health and Welfare.....	34, 35
29—Hydro-Electric Power Commission.....	35
30—Budget Forecast of Ordinary Revenue, Fiscal Year 1944-1945.....	36
31—Summary—Surplus Forecast, Fiscal Year 1944-1945.....	36
32—Budget Forecast—Ordinary Expenditure, Fiscal Year 1944-1945.....	37
33—Budget Forecast—Capital Receipts, Fiscal Year 1944-1945.....	38
34—Budget Forecast—Capital Payments, Fiscal Year 1944-1945.....	38
35—Ordinary Expenditures.....	39, 40
36—Summarization of accomplishments of the year 1943-1944, and Forecast for coming year, 1944-1945.....	40, 41
37—Conclusion.....	41
38—Balance Sheet of The Province of Ontario Savings Office.....	43
39—Statement—Analysis of Budgeted Gross Revenue, Fiscal Year 1944-1945.....	44
40—Statement showing Surplus or Deficits, 1867-1944.....	45
41—Statement showing Gross and Net Debt, 1914-1943.....	46, 47
42—Statement showing Investment of Provincial Debt, as at March 31, 1943.....	48
43—Statement showing Decrease, Gross Provincial Debt—Fiscal Year April 1, 1942, to March 31, 1943.....	49
44—Statement showing Decrease, Net Provincial Debt—Fiscal Year April 1, 1942, to March 31, 1943.....	50

ANALYTICAL INDEX

SUBJECT	PAGE
1—ONTARIO GOVERNMENT FINANCIAL POSITION AND POLICY.....	7, 11, 16, 32, 40
2—DOMINION-PROVINCIAL RELATIONS.....	7, 8, 9
Powers of Province to Raise Money, Limited.	
Restrictions by Dominion War Time Regulations.	
Income Fixed by Agreements or Regulations.	
Right to resume Privileges and Powers upon Termination of War.	
Comment of Province's Position.	
3—GOVERNMENT'S WAR AND POST-WAR ACTIVITIES—	
Creation of Department of Planning and Development.....	40
Effect of War-time Beverages Order.....	28, 29
4—MUNICIPALITIES—	
Subsidies, 1937-1943.....	30
Subsidy to Reduce Cost of Education.....	34
Relief from Payments of Welfare Costs.....	30
Hospitalization Grants Increased.....	30
Gross Debenture Debt Schedules and Tax Levies, 1925-1942.....	31, 32
5—PUBLIC DEBT—	
Estimated Debt Position as at March 31, 1944.....	22
Contingent Liabilities Estimates as at March 31, 1944.....	25
Temporary Loans—Treasury Bills—Estimated as at March 31, 1944.....	23
Gross Debt—Estimated Decrease as at March 31, 1944.....	26
Net Debt—Estimated Decrease as at March 31, 1944.....	26
Detail Summary—Accounting for Estimated Decrease in Gross Debt for year ending March 31, 1944.....	26
Sinking Funds.....	27
Debt Retirement Plan.....	14, 15
6—FISCAL YEAR, APRIL 1, 1942—MARCH 31, 1943—	
Balance Sheet Province of Ontario Savings Office.....	43
Statistical Statements.....	44, 45
Statement of Gross and Net Debt, as at March 31, 1943.....	47
Statement showing Investment of Provincial Debt as at March 31, 1943.....	48
Statement showing Decrease—Gross Provincial Debt as at March 31, 1943.....	49
Statement showing Decrease—Net Provincial Debt as at March 31, 1943.....	50
7—FISCAL YEAR, APRIL 1, 1943—MARCH 31, 1944—	
Over-All Surplus.....	21, 22
Ordinary Account—	
Revenue.....	19
Expenditure.....	18
Surplus.....	19
Interim Statements—	
Gross Revenue.....	20
Summary.....	19
Gross Expenditure.....	18
Capital Account—	
Receipts—Classified.....	21
Payments—Classified.....	19
Summary.....	19, 21
8. FISCAL YEAR, APRIL 1, 1944—MARCH 31, 1945—	
Statistical Statements.....	44, 45
Statements of Budget Forecast—	
Ordinary Account—	
Summary.....	36
Surplus.....	36
Revenue.....	36
Expenditure.....	37
Capital Account—	
Statement of Budget Forecast—	
Receipts—Classified.....	38
Payments—Classified.....	38

ANALYTICAL INDEX—Continued

9—Taxation and Fees—	PAGE
Increase in Race Track Tax.....	29
Real Estate Taxation and Cost of Education.....	30, 32, 33, 34
10—Activities of Departments, Boards and Commissions—	
Education—	
Contribution to Teachers and Inspectors Superannuation Fund raised.....	34
Increased Grants to Universities.....	17
Health—	
\$1,000,000.00 additional being placed at Departments' disposal.....	34
Municipal Affairs—	
Increased municipal subsidy 1 mill, to be applied in reduction of cost of Education.....	34
Treasury—	
Agricultural Loans—	
Result of operation of Farm Loans Adjustment Act.....	16, 17
Formation of Budget Committee.....	16
Formation of Statistical and Research Bureau.....	16
Hydro-Electric Power Commission—Extension of Benefits.....	40
Welfare—	
Provision for increases granted to Old Age Pensioners, and more equitable Mothers' Allowances.....	40



Digitized by the Internet Archive
in 2012 with funding from
University of Guelph, University of Windsor, York University and University of Toronto Libraries

BUDGET ADDRESS

DELIVERED BY

THE HON. LESLIE M. FROST

TREASURER OF THE PROVINCE OF ONTARIO

IN THE

LEGISLATIVE ASSEMBLY OF ONTARIO

THURSDAY, MARCH 16th, 1944

Mr. Speaker: Before I proceed to the task of making the Budget presentation, I desire, Mr. Speaker, to pay my respects to two of my friends, the one the former Premier and Treasurer, the Member for Elgin, and the other, my immediate predecessor, the Member for Kent West, both of whom have served in the rather arduous position of Treasurer of Ontario. I have heard five brilliant Budget Addresses delivered by my friend from Elgin and one by my friend from West Kent. In opposition, sometimes I have praised them, sometimes I have criticized. I hope I have been fair. I can say for them that they have always been most generous in their treatment of me. Wherein they were successful I hope to emulate their achievements. Where time has demonstrated that they might perhaps have followed a different course, may I say with the best of feeling, I hope to profit by their experience. At any rate, I hold and I believe the Members of this House will agree with me, that my friends deserve the thanks of the people of the Province for their services, much of which have been performed in wartime. I am sure that they will feel a deep satisfaction in having rendered signal service to our Province.

We are met in most difficult days. In the last year and a half we have had some justifiable cause for optimism. We feel sure that if we persevere we shall win. Much of the present optimism of an early termination of the struggle, I believe is not justified. We have a long and difficult path ahead. This is a wartime Legislature. The Budget will be a wartime Budget.

I shall make a report on the financial position of the Province divided as follows:—

1. General observations as to our taxation and debt position.
2. A report on the year 1943-1944.
3. Ways and means 1944-1945.

DOMINION-PROVINCIAL RELATIONS

In planning the financial programme for the fiscal year which begins on April 1st, we must consider our financial resources and our constitutional powers. We have many new Members who may not be familiar with the background of

our Dominion-Provincial agreements. The powers of the Legislature of this Province cannot be compared with the broad powers of the Dominion Parliament. Our sphere is defined by the British North America Act. It has been clarified by many judicial decisions which have been rendered at various times since 1867. We have no control of currency. Banking, the incorporation of banks and the issue of paper money is a Dominion function. The regulation of trade and commerce and all matters pertaining to imports and exports likewise belongs to the Dominion as does the raising of money by indirect taxation. Canada being an exporting country is affected in its economic life by the policies of the Dominion. In times of war the Dominion has broad over-riding powers. The subsidizing of production by the Province can only be done within the limit of our financial resources.

The powers of this Province to raise money are limited generally to the following:—

1. Direct taxation.
2. Borrowing money on the sole credit of the Province. The credit of the Province is naturally measured in accordance with its ability to balance its budgets from current revenues.
3. The management and sale of public lands and natural resources.
4. The imposition of licenses and the carrying on of commercial enterprises, examples of which are the Liquor Control Board of Ontario.

The principal sources of our taxes as presently imposed are as follows:—

1. Corporation tax.
2. Personal income tax.
3. Gasoline tax.
4. Liquor permits and profits.

All of these are definitely restricted by the Dominion-Provincial Agreement to which I shall refer and by Dominion wartime regulations.

5. Succession duties. This source is now restricted by reason of Dominion invasion of the field.
6. Mining tax which is in effect a royalty derived from the sale of our natural resources. Due to the effect of very heavy Dominion taxation our tax receipts are being lessened.
7. Motor licenses. Expansion of this source is obviously restricted by gasoline and oil regulations.
8. Timber dues and bonuses.

At the present time about 75 per cent, roundly speaking, of our income is fixed by Dominion-Provincial Agreement or regulations. I have mentioned that in times of war the Dominion Government has broad over-riding powers. In addition the Government and Legislature of the Province of Ontario in order to assist and encourage the Government and Parliament of Canada to wage total war against the Axis powers agreed in the Session of 1942 to suspend temporarily the revenue derived from certain taxes in favour of the Dominion Government. The Province agreed (this is general outline) to suspend the collection of corporation tax (Ontario), the income tax (Ontario) and minor imposts in the Insurance Act. The Dominion agreed to pay the Province, subject to certain adjustments, an annual grant equal to the sum of \$28,964,039.54 and to guarantee any amount of deficiency in the revenue from gasoline tax receipts when such receipts fell below the sum of \$26,608,290.59. The spirit of the agreement was this. It was agreed and acknowledged at the time that the Province by vacating these fields of taxation should not be deemed to have surrendered, abandoned or given over to the Dominion of Canada any of the rights, privileges or authority vested in the Provincial Legislature under the provisions of the British North America Act or any subsequent Act or otherwise to impair any such powers, rights, privileges and authority.

In other words, the Province of Ontario, in turning over certain of its rights to the Dominion of Canada for the period of the war, did so quite without prejudice to its rights to resume these privileges and powers immediately upon the termination of the war. The Government and Legislature of Ontario in good faith entered into these arrangements and, of course, we expect that our powers, rights, privileges and authority in the same good faith will be returned to us without question at the termination of the war. Subsequent to the agreement the Dominion, in December, 1942, invaded the provincial field in the matter of the sale and regulations of spirituous liquors without the consent of the Government of Ontario.

Comment has been made upon the fact that the Province is fortunate in having its revenue stabilized. Some have referred to certain of our revenue as "sure thing" revenue. We have, however, great disadvantages. We have restricted our taxation field. We have practically closed the door to every avenue of expansion. We have suffered the loss of income which would accrue to us from the general prosperity which has obtained in the country due to wartime expansion. It must, therefore, be borne in mind that the Province of Ontario has made great sacrifices to assist in the war effort. We have great problems and great demands facing us at the present time. I merely mention now the demands of our people for increased social services particularly in health and welfare, the very proper reform in the transfer of taxation from real estate to a broader taxing field and the great question of debt retirement. I point out that our position would not appear nearly so bright if it were not for the fact that we are cutting our highway expenditures to the very bone and diverting income which might properly be used for other highway expansion or debt retirement to other purposes. The people of Ontario (again the spirit of the agreement) have as their primary object the defeat of our enemies. Any sacrifice is worth while. We, however, have made great sacrifices to this end in the curtailment of our rights.

I hold that the time is at hand when the Province should take stock and inventory of its financial position, to find out just what its situation will be at

the termination of this agreement; how long it will be before it may expect to receive sufficient revenues from its own fields of taxation to discharge the normal functions of Government; and what plans the Dominion have for vacating fields of taxation which normally and morally belong to the provinces. We feel that this is a very necessary subject of an early Dominion-Provincial conference. Let us reflect what a restricted economy may mean to us on the termination of this war. I have made mention of the great demands which are presently facing us. No doubt these demands will be increased. What took place during and after the last war is illuminating. Dominion expenditures for the year ending March 31st, 1914, were 126.1 million dollars. Five years later, in 1919, the figures had reached 233.7 million dollars and by March, 1921, had reached 368.8 million dollars. In the Province of Ontario the story was somewhat similar. In 1914 the Ordinary Expenditures of the Province were 11.8 million dollars. By 1919 they had reached the sum of 21.4 million dollars and in 1921 reached the total of 28.5 million dollars which is just about double the figure of 1914. It is inevitable that the Province of Ontario will be faced with great expenditures following this war. It is necessary that we should prepare plans which will enable us soundly to undertake these great tasks. Obviously we cannot at that time submit to a prolongation of the curtailments to our powers, rights, privileges and authority. We expect that our fields of taxation and governmental jurisdiction will be vacated at the end of this struggle.

The above emphasizes the importance of the proposal of the Premier of Ontario to the Prime Minister of Canada under date of January 6th, 1944. This Government believes that it is most important that there should be a clarification of the various fields to be occupied by the Dominion and Provincial Governments. It is quite impossible in Ontario to properly deal with great problems relating to welfare, health, education, the adjustment of taxation, our debt problems and post-war planning until plans have been made for the termination of the present Dominion-Provincial Agreement and the vacation of our taxing fields.

TAXATION AND DEBT

Having referred to the restricted position in which we find ourselves in event of new services being demanded, may I refer to the question of taxation and debt in the Province of Ontario.

In view of the very heavy wartime taxation our people are bearing, it is pertinent that I should say something on the subject. Demands for new services beyond those we can now pay for from our income mean new taxes. Our people are looking for relief, not added burdens. Taxation may produce great benefits and it may destroy. We are now confronted with many examples of heavy taxation which are tending to destroy. Following are these cases in point,—

1. Excessive taxation on real estate which is subject to so much comment is discouraging home-owning and farm-owning and has depressed and will depress the building trades.
2. Excessive taxation in the mining industry, the unfair burden of which is discouraging initiative, prospecting, enterprise and capital. It will finally destroy the mining industry and with it employment and prosperity for tens of thousands of Ontario citizens. It is only fair to say that the Province is not the offender in this regard.

3. The multiplying of taxes imposed by way of succession duties by various jurisdictions including the Dominion and all of the provinces, the effect of which is the creating of a definite barrier to development and expansion in Ontario. Furthermore, the effect will shortly be reflected into a lessening of our provincial revenues from this source.

The Government of Ontario is prepared to face up to all of these problems within the limit of its powers to do so. We have made now representations to other provinces with a view to avoiding the duplication of succession duties. The study which has been made of mining taxation is now made public. We are proceeding to action in the great problem of real estate taxation.

There are four principles which I think we might well apply on our provincial financing and expenditure.

First, the principle of public benefit, namely, that the imposition of the tax is for sound purposes which will benefit the people.

Second, the principle of economy, that is, having outlined a programme of expenditure it still remains the duty of the Government to take all possible steps to ensure that the dollars of the taxpayers are exchanged for assets which represent sound investments either in the material or human resources of the province. The cost of sound government is a legitimate cost. The cost of unsound government is an unwarranted expenditure.

Third, the principle of surplus, namely that we should adhere to the policy of pay-as-you-go except in cases of great emergency. It is plain that the true test of provincial financing is that we are making both ends meet.

Fourth, the principle of mandate. It is the duty of the government to supply those services which an informed electorate demand and authorize. The electors should understand that additional services cost additional money which in the final analysis can only be obtained by additional taxes.

It is plain that our field of taxation is definitely limited. Whatever benefit there is from stabilized income is offset by the restrictions imposed. As I said at the outset we are at war. We have a long and difficult road ahead. The financial burden which our people are carrying is heavy indeed. The Government feels that it should impose no new taxation which would add to the burden the people are bearing. If this is sound the people can best help us by not demanding services which must be paid for by new taxation which would follow.

This raises the question of deficit financing carrying on Government by means of borrowing. If our debt is increased for the purpose of providing services which increase the Net Debt, then this is a charge against the share of each and every one of us in the national income. I am not opposed to the proper use of our credit. Credit, however, should be soundly used. It is a real asset which in the belief of this Government should be conserved for the difficult days of readjustment which will follow this war. There can be no excuse for us engaging in wholesale borrowings at the present time or in any borrowings other than necessary refunding. Our credit is a great asset which we should protect and conserve at all times for use in times of emergency such as we shall inevitably face at the termination of this war when sound expansion and development can be undertaken. I have no objection to the use of credit within the limits of prudence for the construction of roads and public works which tend to open and develop the

country, provided, of course, that provisions for retirement are made from the buoyant revenues which come from the measure of prosperity which ensues.

One of the great problems confronting the Province of Ontario is the great burden of Net Debt which we have accumulated over the past forty years. This debt is now in the neighbourhood of five hundred million dollars. Interest on this debt which must be paid from the people's taxes amounts to about twenty million dollars annually. The fact that we are faced with paying about twenty million dollars annually out of Ordinary Revenues for interest alone should cause us to hesitate before we increase this type of debt. In addition the Net Debt should be for sound development purposes calculated to expand our province, otherwise expenditures should be paid from the Ordinary Revenues.

In many states of the Union there is no such debt. Our nearest neighbour, the State of Michigan, will have its indebtedness retired this year. At the same time the State has over thirty-six million dollars now definitely set aside for after-the-war work. The States of Wisconsin, Florida and Nebraska have no debt.

I shall attempt to give an explanation of our debt position. For this purpose I shall explain the terms which are used in the Public Accounts, "Revenue-producing and realizable debt", "Net debt", "Gross debt" and "Indirect and contingent liabilities".

1. Revenue-producing and Realizable Debt

This debt is protected by revenue-producing and realizable assets, such as Hydro-Electric Power Commission, Temiskaming and Northern Ontario Railway, farm loans, etc. Except for some comparatively minor losses this class of debt will be retired by the project to which the money was loaned and will not cost the taxpayers of Ontario anything. For instance, money loaned for the extension of our Hydro-Electric Power Commission will be retired in the ordinary course from the payment for the services which are provided at cost.

2. Net Debt

This type of debt has been incurred from a multitude of causes, principally, however, construction of buildings and highways. To the same has been added deficits which have occurred from time to time in the past. This class of debt must be paid from the taxes of the people and the interest each year is a first charge on our revenues.

3. Gross Debt

Gross debt is the total of 1 and 2.

4. Indirect and Contingent Liabilities

This type of liability is not of course included in our gross debt figures. It, however, constitutes a liability to the Province. It is incurred by guaranteeing undertakings of co-operatives, municipalities, railways and the Hydro-Electric Power Commission. There will be some comparatively minor losses in this class of liability but in main the same will be retired by the projects whose undertakings have been guaranteed.

Following is a schedule expressed in round figures in millions of dollars which shows the position of these various classes of debt for the past twenty-five years up to the 31st March, 1943.

FOLLOWING IS A TABLE SHOWING OUR DEBT POSITION OVER THE LAST TWENTY-FIVE YEARS

ONTARIO DEBT POSITION
(In Millions of Dollars)

	1919 Oct. 31	1920 Oct. 31	1921 Oct. 31	1922 Oct. 31	1923 Oct. 31	1924 Oct. 31	1925 Oct. 31	1926 Oct. 31	1927 Oct. 31	1928 Oct. 31	1929 Oct. 31	1930 Oct. 31	1931 Oct. 31
Liabilities represented by Revenue-producing and Realizable Assets being money advanced by the Province to Hydro, T. and N.O., Farm Loans, etc.....	83.9	104.4	157.8	173.1	190.0	210.5	199.8	204.6	211.1	220.3	238.8	260.6	276.6
Net Debt which must be paid from Taxes.....	13.1	22.8	44.6	60.0	101.0	119.0	132.5	144.5	157.8	173.8	188.1	212.7	244.0
Total Gross Debt as shown in Public Accounts.....	97.0	127.2	202.4	233.1	291.0	329.5	332.3	349.1	368.9	394.1	426.9	473.3	520.6
Guaranteed and Indirect Liabilities Hydro, T. and N.O., etc., guaranteed by Province.....	19.2	31.5	36.8	46.7	46.8	49.9	51.9	52.2	51.6	62.6	62.6	82.5	80.6
Total Gross Debt and Contingent Liabilities.....	116.2	158.7	239.2	279.8	337.8	379.4	384.2	401.3	420.5	456.7	489.5	555.8	601.2
		1932 Oct. 31	1933 Oct. 31	1934 Oct. 31	1935 Mar. 31 5 mos.	1936 Mar. 31	1937 Mar. 31	1938 Mar. 31	1939 Mar. 31	1940 Mar. 31	1941 Mar. 31	1942 Mar. 31	1943 Mar. 31
Liabilities represented by Revenue-producing and Realizable Assets being money advanced by the Province to Hydro, T. and N.O., Farm Loans, etc.....		296.8	294.7	297.3	295.9	283.6	251.1	239.7	234.5	229.8	223.4	217.6	209.4
Net Debt which must be paid from Taxes...		277.6	299.4	358.5	378.5	406.0	405.4	438.3	478.2	507.2	506.2	507.1	495.4
Total Gross Debt as shown in Public Accounts		574.4	594.1	655.8	674.4	689.6	656.5	678.0	712.7	737.0	729.6	724.7	704.8
Guaranteed and Indirect Liabilities, Hydro, T. and N.O., etc., guaranteed by Province.		80.6	102.1	97.7	99.4	113.9	138.3	137.3	143.8	134.6	132.1	125.2	122.7
Total Gross Debt and Contingent Liabilities.		655.0	696.2	753.5	773.8	803.5	794.8	815.3	856.5	871.6	861.7	849.9	827.5

DEBT RETIREMENT PLAN

A glance at the schedule will indicate that we must pay special attention to the matter of Net Debt. As previously stated, the interest on this type of debt is now over twenty million dollars annually. During the war years we should conserve our credit by stabilizing our Net Debt or by reducing the same if at all possible. As soon as the Dominion-Provincial Tax Agreement is terminated at the end of the war we must make provision for the orderly retirement of the present Net Debt and provide that all future borrowing will be retired within the lifetime of the works for which they are incurred. All of this, of course, is predicated on balanced Budgets.

I shall outline a general plan for the consideration of the House which might be followed on the termination of the Dominion-Provincial Tax Agreement:

1. That a Sinking Fund be established which will extinguish the present Net Debt of the Province over a period of not more than fifty years.
2. Future Capital Expenditures, which will fall into two classes,—
 - (a) Revenue producing, such as highways;
 - (b) Non-revenue producing, including such items as public buildings and other uneconomic works;

may be considered and dealt with as follows,—

Class (a): The expenditures under this heading will be principally for highways. The revenues, therefore, produced by such highways or other work would be allocated as follows:—

- (1) To pay the ordinary cost of the operation of highways or other work, including repairs and maintenance;
- (2) To pay such annual subsidies to municipalities and counties as are found necessary and that all such subsidies be chargeable to Ordinary and not Capital Account;
- (3) To pay interest at an agreed rate on the amount of the present highway debt of the Province;
- (4) To repay to the Province in annual instalments spread over an agreed term of years the amount of the highway debt;
- (5) To be applied to the construction of new works of a Capital nature;
- (6) To return to the Consolidated Revenue Fund of the Province for general purposes of the Government any surplus in excess of amounts required under paragraphs (1) to (5) inclusive.

It should not be argued that the revenue of highways should not be used for

such general purposes. I think it is fair to say, however, that they should not be so used until obligations relating to highways have been taken care of.

Where the amount of revenue available for expenditure as outlined in paragraph (5) is insufficient to pay the cost of construction of new works, debentures should be issued for a currency not to exceed the contemplated life for which the debentures are issued. The debentures should be in serial form and be a charge upon the revenues above referred to. In order to conform to the rule that the cost of new work must be paid for within the estimated life of the construction, depending upon the extent of such new works, additional taxes might have to be levied.

As to Capital expenditures under Class (b) which relate to non-revenue producing works such as public buildings or other uneconomic works and which constitutes a dead-weight debt, I would point out that as much as possible of the cost of construction of such non-productive work should be paid for out of Ordinary Revenue (we are applying this rule to ourselves) in the year in which such construction is carried on and the balance of the debt should be liquidated over a period not to exceed fifteen years. For this purpose debentures should be issued which mature annually and the instalment should be paid annually out of Ordinary Revenue from year to year and should not be refunded.

All of the foregoing is, of course, predicated upon governments having the wisdom to tax for services which are given. The rule should be that we have balanced budgets and a wise use of our credit. A disregard of these principles will impair or destroy our credit, which is one of our greatest assets, and will place our Province in a debt-ridden position.

If we adopt some such plan as the above as soon as Dominion-Provincial arrangements permit the same, we shall eventually arrive at a time when we shall have no interest to pay and all of our revenues will be available for discharging the functions of the Provincial Government. In this way the citizens of this great Province will enjoy the largest possible measure of prosperity and the maximum social services and social security.

REPORT FOR THE YEAR 1943-1944

I should like here to refer to the Public Accounts of this Province. Accounts for the year 1942-1943 have been published and have been in the hands of the Members for some time. These accounts contain detailed information as to all revenues and an account of expenditures involving every payment in excess of \$100.00. Sometimes they have been likened to a report to the shareholders of a company. They are, however, very much more detailed than anything of that sort. The compilation of the Public Accounts involves much time and labour. In their present form they incorporate gradual changes and improvements which have taken place over an extended period of time. I feel, however, that other improvements can be made.

I am about to report to you upon our Receipts and Expenditures for the current year 1943-1944. These figures will be for ten months certain and two months estimated. This statement obviously cannot be in the detailed form in which are the accounts for the year 1942-1943 for the very reason that we have not yet completed the year with which we are now dealing. This is some-

thing which I have always considered to be a weakness. I have always felt it well to bring expenditures close to the people. In the past, it has been contrary to the rules of the House that details of accounts for the current year should be discussed. I have complained of this myself on many occasions. On assuming office I explored methods to overcome this difficulty. The most feasible method would be to publish interim particulars of expenditures up to say January 31st. This would involve the introduction of business machines, the use of more space and probably some additions to the staff; all of which I think would be thoroughly justifiable. We, however, are meeting under wartime conditions. The matter of obtaining additional space and business machines both represent difficulties. We have suffered a loss of many of our skilled staff due to enlistments and other war conditions. It has therefore not been feasible to undertake so radical a change in our accounting system as above indicated. I however recommend as a temporary measure that the rule relating to questions concerning expenditures for the current year should not be enforced and that Members be allowed to ask questions and information relating to the same. I ask the Members, however, to co-operate in this matter. It will be readily seen that unreasonable requests could paralyze the work of the departments under present wartime conditions. Our staff is doing its very best and therefore I ask the Members of this House to be reasonable in the requests which they make. At the conclusion of the war I believe that our system may be much improved by the introduction of a central accounting system and with it the improvement of our public accounts so that itemized details of all public expenditures may be given up to the end of the month before which the Legislature commences its Sittings.

With the determination to keep constantly in check with expenditures the Government has named a Budget Committee composed of three ministers comprising the Treasury Board and three senior officials of the Treasury Department. The purpose of the Committee is to keep our expenditures always under review and to eliminate duplication and waste wherever found. Additionally, a Statistical and Research Department has been formed in the Treasury which is in keeping with modern government practice. This Department will keep constantly under review all matters relating to the economy of the Province of Ontario. The Government plans to give effect to all things tending to improve methods of operation.

AGRICULTURAL LOANS

In dealing with this current year, I should like to refer to the important matter of farm loans. At the last Session of the Legislature it was reported that out of 14,249 current loans 6,625 were in arrear as regards principal and interest. Since the inception of these loans, in 1922, over 70 per cent of the mortgagors were unable to meet their payments in accordance with the terms of their mortgage. At the last Session of the Legislature the Farm Loans Adjustment Act of 1943 was placed on the statute books. This Act provides that a farmer may make application to the County Judge in his county to review his mortgage. Dependent upon the value of the property and the circumstances of the case, the Judge in his discretion may reduce both principal and interest and reamortize the mortgage upon terms which in his discretion he feels that the farmer is able to carry out.

This Act came into operation in November last and up to the 29th February this year the records indicate the following results: A large number of applications have been received, of which 42 have so far been heard. In 31 of the cases

either reduction of principal and interest were made or the loans reamortized, or both. These cases have resulted in a reduction of principal amounting to \$15,882.11, and a reduction of interest amounting to \$14,229.98.

In loans which are in arrear borrowers are being encouraged to avail themselves of the provisions of this Act. In many cases the farmers are labouring under an impossible burden of debt which they are unable to meet. It is very desirable that these loans should be rearranged on a basis which will encourage the farmers in question to meet their principal and interest when due. The total losses to the Province under this Act since its inception up to September 2nd, 1943, amount to \$5,942,575.70, which includes the adjustments which were made under the Farmers' Creditors Arrangement Act.

UNIVERSITIES

The Government has recognized the importance of our universities in our national structure. Research is of tremendous importance during wartime. After the war it will be of even greater importance. We then shall enter a period when tariffs will be lowered. We shall be faced with greater competition in the world markets and in our domestic markets. Our skill and knowledge, therefore, must take the place of tariff barriers which will be lowered or removed. The Government has determined that to the extent of its powers it will make available to our workers and our industries the advantages of scientific research. In this great Province, with its almost unlimited natural resources, it was felt particularly that science should be called to the assistance of our primary producers on the farms, in the forests and in the mines. It was accordingly felt that our universities should be freed from the burden of debt which was hampering their efforts and that, additionally, grants should be made to them which would permit them now in time of war to organize for peace. Accordingly, grants of \$816,000 to Toronto University and \$250,000 each to Queen's and Western University were made—a total in all of \$1,316,000.

ORDINARY EXPENDITURE

With the permission of the House, I desire to table the statement of the Gross Ordinary Expenditure for the fiscal year April 1st, 1943, to March 31st, 1944, consisting of ten months' actual payments and two months' forecast, the total gross expenditure being \$115,087,553.49.

INTERIM STATEMENT OF GROSS ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1943—MARCH 31, 1944

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	Detail	Gross Ordinary Expenditure
AGRICULTURE.....		\$ 6,066,000.00
ATTORNEY-GENERAL.....		4,413,000.00
EDUCATION.....		15,693,000.00
GAME AND FISHERIES.....		577,000.00
HEALTH:		
Main Office and Branches.....	\$ 2,170,000.00	
Hospitals Branch.....	10,430,000.00	12,600,000.00
HIGHWAYS:		
Main Office.....	\$ 500,000.00	
Division Offices.....	11,142,000.00	
Municipal Roads Branch.....	4,916,000.00	
Gasoline Tax Branch.....	97,000.00	
Miscellaneous Permits Branch.....	27,000.00	
Motor Vehicles Branch.....	197,000.00	16,879,000.00
INSURANCE.....		57,000.00
LABOUR.....		371,000.00
LANDS AND FORESTS.....		3,003,000.00
LEGISLATION.....		283,000.00
LIEUTENANT-GOVERNOR.....		9,500.00
MINES.....		322,000.00
MUNICIPAL AFFAIRS:		
Main Office and Municipal Board.....		3,337,000.00
PRIME MINISTER.....		160,000.00
PROVINCIAL AUDITOR.....		115,000.00
PROVINCIAL SECRETARY:		
Main Office and Registrar-General's Branch.....	\$ 180,000.00	
Reformatories and Prisons Branch.....	1,852,000.00	2,032,000.00
PROVINCIAL TREASURER:		
Main Office.....	\$ 598,000.00	
Budget Committee.....	5,328.49	
Bureau of Statistics and Research.....	7,825.00	
Controller of Revenue Branch.....	250,000.00	
Motion Picture Censorship, etc.....	35,000.00	
Post Office.....	162,000.00	
Province of Ontario Savings Office.....	296,500.00	1,354,653.49
PUBLIC WELFARE:		
Main Office and Branches.....	\$ 653,000.00	
Old Age Pensions Commission.....	5,767,000.00	
Mothers' Allowance Commission.....	4,080,000.00	
Unemployment Relief.....	1,224,000.00	11,724,000.00
PUBLIC WORKS.....		793,000.00
MISCELLANEOUS.....		104,400.00
KING'S PRINTER—Stationery Account.....		18,000.00
		\$ 79,911,553.49
PROVINCIAL TREASURER—Public Debt Interest.....	\$27,648,314.56	
Foreign Exchange.....	2,267,000.00	
Sinking Fund Instalments and Railway Aid Certificates....	5,260,685.44	35,176,000.00
		\$115,087,553.49

CAPITAL PAYMENTS

And Mr. Speaker, with the permission of the House, I desire to table an interim statement of the Gross Capital Payments for the fiscal year April 1st, 1943, to March 31st, 1944, being ten months' actual and two months' forecast, the total payments being \$18,295,259.44.

INTERIM STATEMENT OF GROSS CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1943—MARCH 31, 1944

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	GROSS CAPITAL PAYMENTS		
	Works and Resources, Etc.	Loan Advances	Trust Fund Repayments
AGRICULTURE.....	\$	\$ 25,000.00	\$
EDUCATION.....	65,638.43	.....	.....
GAME AND FISHERIES.....	4,000.00	.....	.....
HIGHWAYS.....	2,979,000.00	.....	.....
LANDS AND FORESTS.....	4,000.00	.....	.....
PRIME MINISTER—			
Public Service Superannuation Fund.....	.....	.....	1,065,000.00
PROVINCIAL TREASURER.....	200,000.00	2,339,000.00	409,000.00
PUBLIC WELFARE:			
Dominion Government—Old Age Pensions and Pensions for the Blind.....	.....	11,000,000.00	.....
PUBLIC WORKS.....	95,000.00	.....	.....
MISCELLANEOUS.....	.....	.....	109,621.01
	<u>\$3,347,638.43</u>	<u>\$13,364,000.00</u>	<u>\$1,583,621.01</u>

SUMMARY

Works and Resources.....	\$ 3,347,638.43
Loan Advances.....	13,364,000.00
Trust Fund Repayments.....	1,583,621.01
	<u>\$18,295,259.44</u>

ORDINARY REVENUE

For the information of the House, I desire to table an interim statement of the Gross Ordinary Revenue for the fiscal year April 1st, 1943, to March 31st, 1944, being ten months' actual and two months' forecast. The total ordinary revenue for the fiscal year ending March 31st, is estimated to be \$123,726,431.16.

A summary of Ordinary Receipts and Expenditures follows which shows a surplus after providing for Sinking Fund requirements of \$8,638,877.67.

SUMMARY

Gross Ordinary Revenue.....	\$123,726,431.16
Less: Gross Ordinary Expenditure (before providing provision for Sinking Funds and Maturing Railway Aid Certificates).....	109,826,868.05
Surplus: (before providing for provision for Sinking Funds and Railway Aid Certificates).....	\$ 13,899,563.11
Less: Provision for Sinking Funds.....	\$5,236,000.00
Railway Aid Certificates.....	24,685.44
	<u>5,260,685.44</u>
Interim Surplus.....	<u>\$ 8,638,877.67</u>

INTERIM STATEMENT OF GROSS ORDINARY REVENUE

FISCAL YEAR APRIL 1, 1943—MARCH 31, 1944

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	Detail	Gross Ordinary Revenue
AGRICULTURE.....		\$ 318,000.00
ATTORNEY-GENERAL.....		977,000.00
EDUCATION.....		53,000.00
GAME AND FISHERIES.....		925,000.00
HEALTH:		
Main Office and Branches.....	\$ 119,000.00	
Hospitals Branch.....	1,613,000.00	1,732,000.00
HIGHWAYS:		
Main Office and Branches.....	\$ 24,000.00	
Gasoline Tax Branch.....	27,224,000.00	
Miscellaneous Permits Branch.....	90,000.00	
Motor Vehicles Branch.....	7,500,000.00	34,838,000.00
INSURANCE.....		203,000.00
LABOUR.....		92,000.00
LANDS AND FORESTS.....		5,438,000.00
LEGISLATION.....		11,000.00
MINES.....		2,130,000.00
MUNICIPAL AFFAIRS:		
Main Office.....	\$ 3,525.00	
Municipal Board.....	21,025.00	24,550.00
PRIME MINISTER:		
King's Printer—Ontario Gazette.....		16,000.00
PROVINCIAL SECRETARY:		
Main Office and Registrar-General's Branch.....	420,000.00	
Reformatories and Prisons Branch.....	838,000.00	1,258,000.00
PROVINCIAL TREASURER:		
Main Office—Subsidy.....	3,155,007.48	
Interest—Common School Fund.....	71,229.86	
Liquor Control Board.....	20,000,000.00	
Controller of Revenue Branch:		
Succession Duty.....	11,650,000.00	
Corporations Tax.....	23,217,000.00	
Income Tax.....	6,826,000.00	
Race Tracks.....	1,009,803.82	
Security Transfer Tax.....	400,000.00	
Land Transfer Tax.....	400,000.00	
Law Stamps.....	400,000.00	
Motion Picture Censorship and Theatre Inspection.....	190,000.00	
Province of Ontario Savings Office.....	296,500.00	
		67,615,541.16
PUBLIC WELFARE.....		340.00
PUBLIC WORKS.....		60,000.00
MISCELLANEOUS.....		100,000.00
		115,791,431.16
PROVINCIAL TREASURER—Public Debt Interest.....	7,291,000.00	
Foreign Exchange.....	644,000.00	7,935,000.00
		\$123,726,431.16

CAPITAL RECEIPTS

With the permission of the House, I desire to table an interim statement of the Gross Capital Receipts for the fiscal year April 1st, 1943, to March 31st, 1944, being ten months' actual and two months' forecast. The estimated total capital receipts are \$38,907,776.98.

INTERIM STATEMENT OF GROSS CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1943—MARCH 31, 1944

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	GROSS CAPITAL RECEIPTS		
	Works and Resources, Etc.	Loan Repayments	Trust Fund Deposits
AGRICULTURE.....	\$	\$ 2,500.00	\$
HIGHWAYS.....	13,000.00	.....	.....
LANDS AND FORESTS.....	118,000.00	.....	.....
MINES.....	41,000.00	.....	.....
MUNICIPAL AFFAIRS.....	.....	15,000.00	.....
PRIME MINISTER:			
Public Service Superannuation Fund.....	.....	.....	1,449,000.00
PROVINCIAL SECRETARY:			
Main Office and Branches.....	.....	.....	883.23
PROVINCIAL TREASURER:			
Main Office.....	6,282,000.00	19,889,000.00	97,000.00
PUBLIC WELFARE:			
Dominion Government—Old Age Pensions and Pensions for the Blind.....	.....	11,000,000.00	.....
PUBLIC WORKS.....	393.75	.....	.....
	<u>\$6,454,393.75</u>	<u>\$30,906,500.00</u>	<u>\$1,546,883.23</u>

SUMMARY

Works and Resources.....	\$ 6,454,393.75
Loan Repayments.....	30,906,500.00
Trust Fund Deposits.....	1,546,883.23
	<u>\$38,907,776.98</u>

OVER-ALL SURPLUS

Last year at this time there was presented to the House an estimate of the Over-all Surplus for the year ended March 31st, 1944, of \$20,682,897.88. I find that this combination of Capital and Ordinary Receipts and Expenditures creates a wrong impression. A capital surplus does not necessarily reduce the Net Debt. On the basis of such an over-all statement there is a tendency to confuse the same with an ordinary surplus. However, for the purpose of comparison, I now present in a similar manner a statement of Revenues and Expenditures, both on Ordinary and Capital Account, based on ten months' actual and two months' forecast, figures showing an interim overall surplus for the year ending March 31st, 1944, of \$29,251,395.21, made up as follows:

Surplus on Ordinary Account:

Ordinary Revenue	\$123,726,431.16
Less: Ordinary Expenditure	115,087,553.49
	<u>\$ 8,638,877.67</u>

Surplus on Capital Account:

Capital Receipts	\$ 38,907,776.98
Less: Capital Payments	18,295,259.44
	<u>20,612,517.54</u>

Interim Over-all Surplus	<u><u>\$29,251,395.21</u></u>
------------------------------------	-------------------------------

While the above gives a general picture of over-all receipts and expenditures, the same in no way should be confused with ordinary receipts and expenditures and I submit, Mr. Speaker, that it is the Net Debt which should more particularly concern us at this time. Our over-all surplus which includes the ordinary surplus, particulars of which have already been given, and the provisions which we have made for reduction of Net Debt will correspond with the reduction in Net Debt which I shall give presently. From the standpoint of Ordinary Receipts and Expenditures and Net Debt, this is the true Over-all Surplus on Ordinary Account.

PROVINCIAL DEBT

Mr. Speaker, with the permission of the House I shall now place on the table the following statements of the estimated debt position as at March 31st, 1944.

- (1) Temporary Loans—Treasury Bills—
Showing a reduction for the year of \$40,000,000.00
- (2) The Funded Debt—
Showing a reduction for the year of 421,085.44
- (3) The Indirect Debt—Contingent Liabilities—
Bonds, etc., Guaranteed by the Province—
Showing an increase for the year of 674,007.49
- (4) The Gross Debt—
Showing reduction for the year of 37,509,975.79
- (5) The Net Debt—
Showing reduction for the year of 12,072,721.38

PROVINCE OF ONTARIO

TEMPORARY LOANS—TREASURY BILLS

Detailed Summary of Estimated Changes for the Fiscal Year to end on
March 31st, 1944

As at March 31st, 1943..... \$43,000,000.00

LESS—Redemptions:

By Retirement:

RT-AA—1.75%, on April 16, 1943.....	\$1,000,000.00		
RT-AD—1.75%, on April 17, 1943.....	2,000,000.00		
RT-AA—1.75%, on July 16, 1943.....	1,000,000.00		
RT-AL—1.75%, on July 31, 1943.....	1,000,000.00		
RT-Y—1.75%, on September 3, 1943....	1,000,000.00		
RT-AH—1.75%, on September 3, 1943..	1,000,000.00	\$ 7,000,000.00	

By Renewal:

RT-X—1.75%, due June 27, 1943.....	2,000,000.00		
------------------------------------	--------------	--	--

By Refunding into Debentures:

RT-AB—1.75%, on September 1, 1943..	\$5,000,000.00		
RT-AB—1.75%, on September 1, 1943..	5,000,000.00		
RT-U—1.75%, on September 1, 1943....	10,000,000.00		
RT-Z—1.75%, on September 1, 1943....	3,000,000.00		
RT-AJ—1.75%, on September 1, 1943..	2,000,000.00		
RT-AF—1.75%, on September 13, 1943..	5,000,000.00		
RT-AK—1.75%, on September 13, 1943..	4,000,000.00	34,000,000.00	43,000,000.00

ADD—New Issues:

EZ—1.75% (Disc.), due April 15, 1944.....	\$ 1,000,000.00		
RT-X—1.75% (Disc.), due June 27, 1944.....	2,000,000.00	3,000,000.00	

Estimated as at March 31st, 1944..... \$ 3,000,000.00

Total Redemptions.....	\$43,000,000.00
LESS—New Issues.....	3,000,000.00

NET DECREASE..... \$40,000,000.00

PROVINCE OF ONTARIO

THE FUNDED DEBT OF ONTARIO

Detailed Summary of Estimated Changes for the Fiscal Year to end of
March 31st, 1944

As at March 31st, 1943 (after deducting Sinking Funds)..... \$610,404,929.97

ADD—Sale of Debentures:

RX— $1\frac{3}{4}\%$, due September 1st, 1944-45.....	\$ 4,000,000.00	
RX— $1\frac{3}{4}\%$, due June 1st, 1946.....	1,000,000.00	
RV— $1\frac{3}{4}\%$, due March 13th, 1944-46.....	9,000,000.00	
RW— $1\frac{3}{4}\%$, due September 1st, 1945.....	20,000,000.00	
RY— $1\frac{3}{4}\%$, due September 15th, 1944-47.....	4,000,000.00	
RY—3%, due September 15th, 1952-55.....	6,000,000.00	
TF-A—3%, due January 1st, 1947.....	500,000.00	
TF-B— $3\frac{1}{2}\%$, due January 1st, 1952.....	800,000.00	
TF-C— $3\frac{1}{4}\%$, due January 1st, 1962.....	600,000.00	
TF-E— $3\frac{1}{4}\%$, due January 1st, 1962.....	2,500,000.00	
TF-D— $3\frac{1}{2}\%$, due April 15th, 1972.....	3,150,000.00	
TI— $4\frac{1}{2}\%$, due November 1st, 1952.....	2,000,000.00	53,550,000.00
		<u>\$663,954,929.97</u>

LESS—Redemptions:

RM—2%, due May 1st, 1943.....	\$ 1,250,000.00
AL—4%, due May 15th, 1943.....	565,000.00
AP— $4\frac{1}{2}\%$, due May 15th, 1943.....	500,000.00
AS—4%, due June 1st, 1943.....	486,000.00
RK— $1\frac{1}{2}\%$, due June 1st, 1943.....	1,200,000.00
UU&XX—6%, due September 15th, 1943.....	14,156,000.00
WW&YY—6%, due September 15th, 1943.....	12,493,000.00
AK— $4\frac{1}{2}\%$, due November 1st, 1943.....	800,000.00
RQ—2%, due November 1st, 1943.....	1,200,000.00
RS—2%, due November 1st, 1943.....	1,050,000.00
AH— $4\frac{1}{2}\%$, due December 1st, 1943.....	700,000.00
AJ— $4\frac{1}{2}\%$, due January 15th, 1944.....	800,000.00
AR— $4\frac{1}{2}\%$, due January 15th, 1944.....	441,000.00
RB— $2\frac{1}{2}\%$, due January 15th, 1944.....	1,000,000.00
BK— $2\frac{1}{2}\%$, due March 1st, 1944.....	3,000,000.00
RV— $1\frac{3}{4}\%$, due March 13th, 1944-46.....	7,000,000.00
RW— $1\frac{3}{4}\%$, due September 1st, 1945.....	2,000,000.00
	<u>\$48,641,000.00</u>

Railway Aid Certificates..... 24,685.44

Increase in Sinking Funds—Current Year..... 5,305,400.00 53,971,085.44

Estimated as at March 31st, 1944 (after deducting Sinking Funds)..... \$609,983,844.53

Total Redemptions..... \$53,971,085.44

LESS—New Issue..... 53,550,000.00

NET DECREASE..... \$ 421,085.44

PROVINCE OF ONTARIO

CONTINGENT LIABILITIES, BONDS, ETC., GUARANTEED BY THE PROVINCE

(Estimated as at March 31st, 1944)

Total as per Public Accounts, March 31st, 1943.....		\$122,734,860.52
ADD—New Guarantees or Increases for the fiscal year to end on March 31st, 1944—		
Co-operative Associations.....	\$ 21,468.30	
Park Commissions.....	6,000.00	
Power Commission.....	7,500,000.00	7,527,468.30
		<u>\$130,262,328.82</u>
LESS—Principal Maturities redeemed or to be redeemed during the fiscal year to end on March 31st, 1944—		
Housing.....	\$ 35,959.97	
Municipalities.....	47,302.12	
Park Commissions.....	141,000.00	
Power Commission.....	3,775,000.00	
Railways.....	2,496,205.00	
Schools.....	227,580.35	
Universities.....	108,413.37	6,831,460.81
		<u>\$123,430,868.01</u>
LESS—Sinking Fund Deposits for the fiscal year to end on March 31st, 1944..		22,000.00
Estimated Contingent Liability of the Province as at March 31st, 1944.....		<u><u>\$123,408,868.01</u></u>

SUMMARY

Estimated Contingent Liability of the Province as at March 31st, 1944.....	\$123,408,868.01
Contingent Liability of the Province as at March 31st, 1943.....	122,734,860.52
Estimated Increase.....	<u><u>\$ 674,007.49</u></u>

PROVINCE OF ONTARIO

DETAIL SUMMARY ACCOUNTING FOR ESTIMATED DECREASE IN GROSS DEBT

For the Fiscal Year to end on March 31st, 1944

Gross Debt as at March 31st, 1943.....	\$704,864,361.10
Estimated Gross Debt as at March 31st, 1944.....	667,354,385.31
Estimated Decrease as at March 31st, 1944.....	<u>\$ 37,509,975.79</u>
Gross Debt Decreased by:	
Surplus—	
Surplus on Ordinary Account.....	\$ 8,638,877.67
Retirement of Railway Aid Certificates....	24,685.44
Sinking Fund Provision.....	5,236,000.00
	<u>\$13,899,563.11</u>
Discount on Debentures, etc., written off.....	1,030,000.00
Earnings on Sinking Fund Investments.....	16,000.00
Loan Repayments—	
Hydro-Electric Power Commission of Ontario	\$15,762,017.40
Agricultural Development Board.....	3,633,982.60
Loans to Municipalities (Net).....	199,500.00
	<u>19,595,500.00</u>
Decrease in Cash in Banks.....	8,320,754.41
	<u>\$ 42,861,817.52</u>
Gross Debt Increased by:	
Capital Disbursements—	
Highways, Public Buildings, Public Works, etc.....	\$ 3,347,638.43
Less Capital Receipts.....	172,393.75
	<u>\$ 3,175,244.68</u>
Payment re Guaranteed Debentures (Net).....	2,053,000.00
Discount on Debentures, etc., issued during year.....	123,597.05
	<u>5,351,841.73</u>
Estimated Decrease as at March 31st, 1944.....	<u>\$ 37,509,975.79</u>

PROVINCE OF ONTARIO

ESTIMATED DECREASE IN THE NET DEBT

As at March 31st, 1944

As at March 31st, 1943:	
Gross Debt.....	\$704,864,361.10
Less Revenue Producing and Realizable Assets.....	209,423,069.77
Net Debt.....	<u>\$495,441,291.33</u>
As at March 31st, 1944:	
Estimated Gross Debt.....	\$667,354,385.31
Less Estimated Revenue Producing and Realizable Assets.....	183,985,815.36
Estimated Net Debt.....	<u>\$483,368,569.95</u>
Estimated Decrease in Net Debt.....	<u>\$ 12,072,721.38</u>

Earlier in this presentation I referred to the Net Debt which at the beginning of this fiscal year, as shown on page 40 of the Public Accounts, amounted to \$495,441,291.33. Holding the views I do it is gratifying to me to be able to report to-day what I believe to be the largest reduction in Net Debt in the history of the Province.

SINKING FUNDS

Doubtless you are all aware of the fact that the Government subscribed for \$5,000,000 of the Fifth Victory Loan. We did this as an example to the citizens of the Province and also because, in the opinion of the Government, it is the duty of everyone to support the war effort to the greatest possible extent. Although this \$5,000,000 was in excess of the Sinking Fund requirements of the Province I have decided to recommend to the Government, and the Government has accepted my proposals, to add to our Sinking Fund provisions for this current year an amount in excess of the legal requirements by \$4,000,000. I may inform the House that our Sinking Funds are in good order and all legal requirements have been fulfilled but, aside from our legal requirements, a great portion of our Funded Debt is payable in American funds and no provision was ever made to meet this extra expenditure over and above the face value of the bonds, so that in making provision by adding another \$4,000,000 to the Sinking Funds I think you will agree that I am following sound and prudent practice.

September, 1943, Loan

Since the last Session of the Legislature one long-term loan has been made by the Province. This was a refunding of a 6% loan which was effected in September, 1921, and matured September 15th, 1943. The effective rate on this loan was 6.21%. Due to the high credit of the Province of Ontario, it was possible to refund the same as follows: \$4,000,000 at the rate of 1¾% per annum, payable \$1,000,000 annually on the 15th days of September, 1944, 1945, 1946 and 1947; and \$6,000,000 bearing interest at the rate of 3% by September, 1955, callable 1952. This money cost the Province an average of 2.61% for the combined issue, which is the cheapest rate any Province has ever borrowed in Canada for a similar term of years. If our credit is kept sound and good, it will save us millions of dollars in interest in years to come.

WAYS AND MEANS, 1944-1945

Mr. Speaker, up to this point I have occupied the time of the honourable members of this Assembly in listening to a report of the expenditures of the taxpayers' money and how the revenues have been raised and a general analysis and assessment of the various problems of Provincial finance with which it has been my duty as Treasurer to deal. In discharging this part of my task I have endeavoured to give to this House and to the people of Ontario an impartial and understandable statement of our position.

In this same spirit I invite you now to give your careful consideration to the financial programme which I have the honour to submit to you.

You will observe from the estimates of gross revenue which I shall table for your information an anticipated reduction of approximately \$6,393,000 as compared with the results of the current fiscal year. This decrease is accounted largely for by the following items:

Liquor Control Board—\$3,687,383.51

This decrease is due principally to the fact that the substantial inventory of spirits and wines which the Liquor Control Board had at the beginning of the current fiscal year has been largely sold and under present conditions cannot be

built up or replaced. The maximum revenue which I can forecast is the amount of profits which are to be guaranteed by the Dominion for the base year ending 30th of June, 1942, amounting to \$16,312,616.49.

Following Dominion Order-in-Council P.C. 11374, dated the 16th of December, 1942, there was a great run on the liquor stores and brewery warehouse outlets. By the terms of this Order the gallonage released to the Liquor Control Board of Ontario was restricted to 70% of the proof gallonage of spirits which had been released for the twelve months preceding November 1st, 1942. With respect to wine the limitation was 80 per cent and beer 90 per cent. The beer restriction has now been removed. The demand in excess of the amount released by the Dominion authority was met from stock on hand. The demand was so great, however, that drastic restrictions have had to be imposed on permit holders, due to the rapid dwindling of surplus stocks in the hands of the Liquor Control Board of Ontario. On March 1st the limitation on spirits was placed at 120 ounces to a permit holder, on May 1st 80 ounces, on June 1st 53 ounces, September 1st 40 ounces and on January 4th, 1944, 26 ounces.

Following is a table which shows the great increase in the number of permit holders which has followed the imposition of various restrictions. In December, 1942, the single purchase permit system was abolished. At that time there were 73,117 annual permits. This naturally led to an increase in annual permits which in the following month reached the figure of 155,295. It provides food for thought, however, that from that time, which is coincidental with the imposition of Dominion restrictions, that the number of permit holders has reached the total, as of 31st January, 1944, of 1,227,459.

Month	Monthly Quantity Limitations	Valid Permits
January, 1943.....	160 ounces	155,295
February, 1943.....	120 "	196,479
March, 1943.....	120 "	214,795
April, 1943 (new Permit).....	120 "	393,282
May, 1943.....	80 "	484,109
June, 1943.....	53 "	565,022
July, 1943.....	53 "	656,621
August, 1943.....	53 "	714,818
September, 1943.....	40 "	788,889
October, 1943.....	40 "	878,800
November, 1943.....	40 "	992,568
December, 1943.....	40 "	1,193,614
January, 1944.....	26 "	1,227,459

Dominion taxation on the sale of liquor consists of customs duty, excise tax, war exchange tax and sales tax. During the fiscal year 1943-1944 the total amount received by the Dominion Government under the above headings from Ontario sale exceeded 34 million dollars. During the same period the profits of the Ontario Board were approximately one-half of that amount.

As regards the prices presently being charged, it is proper to state that the Province is unable to lower the same without affecting the Dominion guarantee which it is necessary that the Province should have to ensure the continuity of

its income in these abnormal times. Under date of March 1st, 1943, the Dominion Minister of Finance offered such guarantee, which was included in his Budget of the next day. The guarantee was conditional upon the Province raising its retail prices for spirits by an amount at least sufficient to absorb the \$2.00 per gallon increase in the duty on domestic and imported spirits which the Dominion put into effect at midnight, March 1st, 1943. The condition was that such increase in retail prices would be made immediately effective.

This Government believes that the sale of alcoholic beverages should be at reasonable prices and under proper and strict governmental control. When the Dominion Government raises its wartime restrictions affecting spirits and wine the Ontario Government will be prepared to revise its prices to a proper level and to emphasize proper distribution and control. Liquor profits are a legitimate source of revenue. Fair price and proper control, however, are essential if we keep in mind the real purpose of this Act.

Corporation Tax

There will be a reduction from this source estimated at \$1,256,549.15. The reason for this variation is that collections on tax made in one quarter are deducted from the subventions to be paid in the following quarter. In the year ending March 31st, 1942, large amounts of tax were paid by corporations which pursuant to the Dominion-Provincial tax agreement and the complimentary legislation were refundable. The majority of these refunds were made in the quarter ending March 31st, 1943. As a result the amount of the subvention payable in the current year 1943-1944 is correspondingly increased. No such condition applies to the year 1944-1945.

Public Debt Interest

There will be a difference of \$777,622.50 in the amount to be received from the Hydro-Electric Power Commission which represents a reduction in interest and foreign exchange. This is entirely due to the fact that the share of maturing debentures for which the Hydro-Electric Power Commission is liable amounts to a sum considerably less than last year.

As against the decreases there are some estimated increases, namely, Income \$275,000, and approximately \$1,000,000 from Race Tracks. Here may I announce the intention of the Government of increasing the Race Tracks Tax from 5 to 10%. Pursuant to the provisions of Section 3 of The Race Tracks Tax Act, 1935, the rate of tax payable by the holder of a winning ticket issued under the pari-mutual system will be increased from 5 per cent to 10 per cent. The other items which go to make up the difference of \$6,393,000, consist of varying amounts which fluctuate from year to year and while comparatively small in themselves amount in the aggregate to a rather considerable sum.

Taxation

No new forms of taxation will be imposed and other than the change of rates in the Race Tracks Tax which I have referred to, there will be no increases in the rates of taxation imposed upon our people. The Government feels that with our people labouring under a great weight of wartime taxation that the greatest service which it can render is to avoid adding to that burden either by way of increased debt or taxation. The Government intends to not only live

within its income and maintain its services, but it proposes to extend the services it is now giving and to pass on to our tax-payers such relief from taxation as is within our means.

REAL ESTATE TAXATION AND COST OF EDUCATION

We now come to the all-important question of a sweeping revision of our whole system of real estate taxation, so that the owning and improvement of homes and farm land, which are the very foundation of our Society, will not be discouraged by excessive taxation. In fairness it should be stated that the plight of real estate has been recognized by previous administrations and since about the year 1925 there has been a very marked trend on the part of the Province to assume obligations which were formerly charged against the municipalities. These may be summarized as follows:

- (a) Department of Highways. Relief was given by abolishing the municipal contribution to King's Highways. Subsidies have been increased for county roads and township roads and bridges.
- (b) Department of Welfare. Municipalities have been relieved of payments for old age pensions, mothers' allowances, pensions for the blind; assistance was given in unemployment relief, children's aid and houses of refuge.
- (c) Department of Health. Increased grants have been given to hospitals and hospital maintenance; relief has been given for the payment of indigent patients in sanatoria; special grants have been given to municipalities where there is a high levy for hospitalization.
- (d) Department of Agriculture. Grants have been extended to assist community halls, athletic fields, drainage aid, etc.
- (e) Liquor Control Board. Grants have been made equal to business tax.
- (f) Provincial Treasury, through Department of Municipal Affairs, has since 1937 made direct grants to municipalities by way of subsidy payments amounting to a total of \$22,349,590.

This provincial assistance, together with the wise economy and direction of municipal councils, had the effect of reducing municipal debt from the high point in 1932 of 504 million dollars to 305 million dollars in 1942. The total tax levies in the Province have been reduced from a high point in 1931 of 128 million dollars to 110 million dollars in 1942. The following is a table showing details of the trend of municipal debt and municipal taxation from 1925 to 1942 inclusive.

Here, Mr. Speaker, I table a schedule showing the trend of municipal taxation and debt for this period.

ONTARIO MUNICIPALITIES
GROSS DEBENTURE DEBT SCHEDULE
1925-1942
(000's Omitted)

Classification	1925	1926	1927	1928	1929	1930
Cities.....	295,679	300,694	310,955	307,959	316,940	344,605
Towns and Villages.....	61,186	64,143	65,710	68,948	73,819	71,064
Townships.....	31,820	32,763	42,373	43,255	45,029	51,745
Total Local Municipalities..	388,685	397,600	419,038	420,162	435,788	467,414
Counties.....	16,494	15,875	15,429	15,751	16,148	17,866
Total Gross Debt.....	405,179	413,475	434,467	435,913	451,936	485,280

Classification	1931	1932	1933	1934	1935	1936
Cities.....	351,079	357,226	353,181	343,947	335,423	321,032
Towns and Villages.....	74,988	74,035	73,641	70,455	62,806	57,014
Townships.....	54,979	54,992	49,710	53,035	47,656	38,939
Total Local Municipalities..	481,046	486,253	476,532	467,437	445,885	416,985
Counties.....	17,956	18,503	17,902	16,515	15,768	14,561
Total Gross Debt.....	499,002	504,756	494,434	483,952	461,653	431,546

Classification	1937	1938	1939	1940	1941	1942
Cities.....	323,768	306,429	287,593	263,863	241,327	218,561
Towns and Villages.....	51,945	51,161	50,269	49,593	45,482	41,893
Townships.....	36,996	35,152	40,361	43,746	41,840	39,687
Total Local Municipalities..	412,709	392,742	378,223	357,202	328,649	300,141
Counties.....	13,035	11,549	9,979	8,374	6,751	5,279
Total Gross Debt.....	425,744	404,291	388,202	365,576	335,400	305,420

TAX LEVY SCHEDULE

1925-1942

(000's omitted)

Classification	1925	1926	1927	1928	1929	1930
Cities.....	57,465	58,047	60,775	63,057	66,616	71,238
Towns and Villages.....	15,977	16,717	17,702	18,415	18,608	19,403
Townships.....	24,500	27,382	27,599	29,339	30,563	32,090
Total.....	97,942	102,146	106,076	110,811	115,787	122,731

Classification.....	1931	1932	1933	1934	1935	1936
Cities.....	77,571	77,251	74,479	72,551	74,117	73,514
Towns and Villages.....	19,947	20,483	19,334	18,880	17,696	17,687
Townships.....	31,139	29,101	26,618	24,826	25,653	26,687
Total.....	128,657	126,835	120,431	116,257	117,466	117,888

Classification	1937	1938	1939	1940	1941	1942
Cities.....	73,370	73,085	71,037	71,164	68,558	66,297
Towns and Villages.....	17,406	17,610	17,377	17,583	17,555	17,721
Townships.....	25,729	25,695	25,841	26,174	26,143	26,259
Total.....	116,505	116,390	114,255	114,921	112,256	110,277

Despite the betterment of the municipal position, it has been felt that more drastic action should be taken. Following is the actual wording of the policy of this Government as enunciated by the now Prime Minister on the 9th July, 1943:—

“There will be a sweeping revision of our whole system of real estate taxation so that the owning and improvement of homes and farm land, which are the very foundation of our society, will not be discouraged by excessive taxation. As an initial step in that direction the Provincial Government will assume at least 50% of the school taxes now charged against real estate.”

The problem of real estate taxation is many sided. The first step that this Government is pledged to take is that of the cost of education. It must be borne in mind that a reduction in municipal taxation means generally an increase in provincial taxation. This problem has often been discussed in this House. In the first speech which I made in the House, in 1938, I advocated the transfer of large amounts of taxation from the municipal field to the provincial field. In 1939, when acting as Opposition financial critic, I stated,—

“Real estate represents an investment of some three billion dollars in Ontario. By reason of unscientific and unjust taxation it is practically stagnant. On its salability and income productivity depends the success

of building and construction trades with all their enormous potential employment and industrial possibilities."

At the time I pointed out that this would involve the imposition of many million dollars in extra provincial taxation and I suggested:—

"That the Province take over a very large proportion of the charges at present burdening the municipalities. I am aware that this is a great problem and that it would involve some difficult readjustments. If municipal taxes were reduced by one-third, it would cost the Province approximately \$35,000,000. Such a readjustment of taxation should not be attempted in a haphazard manner. A Commission should be appointed immediately to fully explore the whole matter."

These statements represent my views. Our situation is, of course, different than that of 1938. At that time our taxing fields were open to us. Now we are circumscribed by the Dominion-Provincial Agreements and the requirements of wartime financing. We also have the Dominion fully occupying the loan field. I have already fully dealt with these matters. As stated, there are many sides to the real estate taxation problem, one being a reform of the very unscientific form of assessment we have in the Province; another being the necessity that the assumption by the Province of so large a burden should be accompanied by a corresponding reduction in municipal taxation. If it were otherwise the whole purpose of the plan would be defeated.

It has always been my view that the cost of education bears unfairly against real estate. The readjustment of the cost of education, however, is only part of the great real estate taxation problem. Since assuming office in August last this Government has given very great attention to this matter. Personally, I have spent much time in the consideration of methods of bringing about what I believe is a very essential reform. During the absence of the Premier I was for something over a month acting as Minister of Education and much of my time during this period was spent in studying this matter. The conclusion must be that a reform in standards of education is inseparable from the financial question. I was amazed at the many involvements including inequalities in standards of equipment, particularly as between rural and urban areas; necessity of revision of curriculum, lack of facilities for vocational education, a multiplicity of small single room schools teaching from the Primary Grade to Entrance and sometimes beyond, and disparities in salaries paid to teachers. One is at once confronted with the fact that we have no less than 6,399 School Boards and authorities with differences of assessment as between municipalities. The educational system which we have come into being about a hundred years ago as an outcome of the labours of that great educationist, Dr. Egerton Ryerson. At that time real estate was the principal asset of the Province. Much of our taxation was built upon real estate. Since that time the relative value of real estate has lessened. The burden of our taxation, however, against real estate has increased. We have unscientifically added to the tax structure which was devised for conditions of one hundred years ago. Now we are faced with the great operation of making a change. I still contend, as in 1938, that we should not do this in a haphazard manner but only after a full consideration of the whole problem.

In the light of these difficulties, the Government has deeply considered what

course should be taken to deal with the question of the lessening of the burden of taxation against real estate.

In order to give a measure of relief and yet to assure the orderly fulfilment of not only the initial step in regard to the cost of education but the whole question of a sweeping revision of our system of real estate taxation, the following three points have been decided upon:—

1. With a view to evolving a solution of the problems outlined, and particularly assuring to the owners of real estate: (a) a reduction in taxation equal to the amount of taxation assumed by the Province; (b) that the reduction in municipal taxation be spread equitably among all municipalities, that the whole question of real estate taxation including the cost of education be referred to a Royal Commission. The report of the Committee of Enquiry into the cost of education in Ontario for 1938 is not nearly adequate and only envisages adjustments and increases in grants. The Government has determined that this great transfer of taxation which means the imposition of new provincial taxation shall be accompanied by reforms in our educational and municipal systems which will not only effect economies but will give equality of standards of education as nearly as possible to children from both rural and urban areas.

2. That security for our teachers shall be immediately bettered. Accordingly, the Province will immediately raise its contribution to the Teachers' and Inspectors' Superannuation Fund by paying dollar for dollar with the teachers. This will cost the Province the sum of \$400,000 a year. Representatives of the teachers will be invited to meet with the Teachers' and Inspectors' Superannuation Commission to arrive at a plan for better and more equitable benefits and for considering ways and means to extend these benefits to widows of deceased teachers.

3. In order to assist municipalities and by way of an immediate reduction in taxation on real estate, the Government will this year increase the municipal subsidy by an extra mill, the same to be applied on the cost of education. This will involve an additional payment to municipalities of over \$3,100,000. The total subsidy, therefore, to municipalities, one mill to be applied to the general rate and one mill to the cost of education, will be in excess of \$6,200,000. This will be paid from current revenues and will in no way be charged to the debt of the Province. This is a temporary assistance which is presently in accordance with our means. It is only the first move in bringing about the most sweeping revision of our taxation system in the history of our Province.

This Government, having made the pledge of the 9th July, 1943, declares this to be its continuing and permanent policy. As regards this pledge we nail our colours to the mast.

HEALTH AND WELFARE

For the year 1944-1945, \$1,000,000 additional is being placed at the disposal of the Department of Health. The total figure being budgeted for in the coming year is \$13,613,305. The Department of Welfare's estimates for the coming year have been increased by \$2,651,775, the total estimate being no less than the sum of \$13,373,675. The total amount, therefore, of our budget for Health and

Welfare is nearly \$27,000,000. The Province, in addition to the maximum of \$25.00 allowed by Dominion regulations, of which the Dominion Government contributes 75%, is paying an additional 15% on the original maximum of \$20.00 per month. This bonus is paid for entirely by the Province. This coming fiscal year this bonus alone will cost the additional sum of \$2,106,000, with no contribution from the Dominion Government.

HYDRO-ELECTRIC POWER COMMISSION

At the end of 1943 the Commission was serving 136,000 rural customers with over 21,000 miles of rural transmission lines. It is hoped that the Dominion regulations will be modified sufficiently this year to enable construction of 400 miles of rural distribution lines. This will serve an estimated 5,670 additional rural customers. As provincial revenues bear half of the capital costs of such lines the outlay for the province this year will be about \$400,000.

Printed copies of the estimates have already been tabled and presented to you, Sir, and in addition printed copies have been supplied to members of the House.

With the permission of the House, I place on the records the Budget Forecasts of Ordinary Revenue and Ordinary Expenditure, Capital Receipts and Capital Payments for the fiscal year April 1st, 1944, to March 31st, 1945.

BUDGET FORECAST OF ORDINARY REVENUE

FISCAL YEAR APRIL 1, 1944—MARCH 31, 1945

DEPARTMENT	Gross Ordinary Revenue	Application of Revenue to Expenditure	Net Ordinary Revenue
AGRICULTURE.....	\$ 300,000.00		\$ 300,000.00
ATTORNEY-GENERAL.....	896,750.00	\$ 185,550.00	711,200.00
EDUCATION.....	50,000.00		50,000.00
GAME AND FISHERIES.....	950,000.00		950,000.00
HEALTH:			
Main Office and Branches.....	\$ 203,560.00	3,000.00	\$ 200,560.00
Hospitals Branch.....	1,553,300.00	10,000.00	1,543,300.00
	1,756,860.00		1,743,860.00
HIGHWAYS:			
Main Office and Branches.....	10,000.00		10,000.00
Gasoline Tax Branch.....	26,608,290.59		26,608,290.59
Miscellaneous Permits Branch.....	50,000.00		50,000.00
Motor Vehicles Branch.....	7,000,000.00		7,000,000.00
	33,668,290.59		33,668,290.59
INSURANCE.....	200,000.00		200,000.00
LABOUR.....	90,000.00	5,000.00	85,000.00
LANDS AND FORESTS.....	5,400,000.00		5,400,000.00
LEGISLATION.....	9,700.00		9,700.00
MINES.....	1,756,875.00	5,000.00	1,751,875.00
MUNICIPAL AFFAIRS:			
Main Office and Municipal Board..	14,000.00		14,000.00
PRIME MINISTER:			
King's Printer—Ontario Gazette...	16,000.00		16,000.00
PROVINCIAL SECRETARY:			
Main Office and Registrar-General's Branch.....	255,000.00		255,000.00
Reformatories and Prisons Branch..	775,000.00	569,000.00	206,000.00
	1,030,000.00		461,000.00
PROVINCIAL TREASURER:			
Main Office—Subsidy.....	3,155,007.48		3,155,007.48
Interest.....	71,229.86		71,229.86
Liquor Control Board.....	16,312,616.49		16,312,616.49
Controller of Revenue Branch:			
Succession Duty.....	11,600,000.00		11,600,000.00
Corporations Tax Subvention...	20,960,450.85		20,960,450.85
Income Tax Subvention.....	6,751,037.95		6,751,037.95
Corporations Tax.....	1,000,000.00		1,000,000.00
Income Tax.....	350,000.00		350,000.00
Race Tracks.....	2,000,000.00		2,000,000.00
Security Transfer Tax.....	400,000.00		400,000.00
Land Transfer Tax.....	400,000.00		400,000.00
Law Stamps.....	400,000.00		400,000.00
Motion Picture Censorship and Theatre Inspection Branch.....	185,000.00		185,000.00
Province of Ontario Savings Office..	303,835.00	303,835.00	
	63,889,177.63		63,585,342.63
PUBLIC WORKS.....	48,000.00	3,000.00	45,000.00
MISCELLANEOUS.....	100,000.00	100,000.00	
	\$110,175,653.22	\$1,184,385.00	\$108,991,268.22
PUBLIC DEBT—Interest, etc.....	6,560,377.50	6,560,377.50	
Foreign Exchange.....	597,000.00	597,000.00	
TOTAL	\$117,333,030.72	\$8,341,762.50	\$108,991,268.22

SUMMARY

Net Ordinary Revenue.....	\$108,991,268.22
Less: Net Ordinary Expenditure (before provision for Sinking Fund and Rail- way Aid Certificates).....	103,469,990.87
Surplus (before provision for Sinking Funds and Railway Aid Certificates)....	\$ 5,521,277.35
Less: Provision for Sinking Funds and Railway Aid Certificates.....	5,311,478.29
SURPLUS FORECAST.....	\$ 209,799.06

BUDGET FORECAST OF ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1944—MARCH 31, 1945

DEPARTMENT	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Net Ordinary Expenditure
AGRICULTURE.....	\$ 6,071,379.75		\$ 6,071,379.75
ATTORNEY-GENERAL.....	3,273,595.00	\$ 185,550.00	3,088,045.00
EDUCATION.....	16,053,743.43		16,053,743.43
GAME AND FISHERIES.....	680,000.00		680,000.00
HEALTH:			
Main Office and Branches.....	\$ 2,240,535.00	3,000.00	\$ 2,237,535.00
Hospitals Branch.....	11,372,770.00	10,000.00	11,362,770.00
	13,613,305.00		13,600,305.00
HIGHWAYS:			
Main Office and Branches.....	13,772,800.00		13,772,800.00
Motor Vehicles Branch.....	266,000.00		266,000.00
	14,038,800.00		14,038,800.00
INSURANCE.....	64,100.00		64,100.00
LABOUR.....	445,231.55	5,000.00	440,231.55
LANDS AND FORESTS.....	3,120,081.00		3,120,081.00
LEGISLATION.....	264,700.00		264,700.00
LIEUTENANT-GOVERNOR.....	10,175.00		10,175.00
MINES.....	372,250.00	5,000.00	367,250.00
MUNICIPAL AFFAIRS:			
Main Office and Municipal Board..	149,822.00		149,822.00
Subsidies—			
(a) 1 Mill to cities, towns, incorporated villages and townships.....	3,100,000.00		3,100,000.00
(b) 1 Mill to cities, towns, incorporated villages and townships—to be applied in reduction of cost of education assessed against Real Property.....	3,100,000.00		3,100,000.00
	6,349,822.00		6,349,822.00
PLANNING AND DEVELOPMENT.....	100,000.00		100,000.00
PRIME MINISTER.....	139,720.00		139,720.00
PROVINCIAL AUDITOR.....	126,000.00		126,000.00
PROVINCIAL SECRETARY:			
Main Office and Registrar-General's Branch.....	185,635.00		185,635.00
Reformatories and Prisons Branch..	2,086,000.00	569,000.00	1,517,000.00
	2,271,635.00		1,702,635.00
PROVINCIAL TREASURER:			
Main Office.....	611,500.00		611,500.00
Statistics and Research.....	22,275.00		22,275.00
Controller of Revenue Branch.....	289,960.00		289,960.00
Motion Picture Censorship and Theatre Inspection Branch.....	43,325.00		43,325.00
Travel and Publicity Bureau.....	78,000.00		78,000.00
Post Office.....	174,915.00		174,915.00
Savings Office.....	303,835.00	303,835.00	
	1,523,810.00		1,219,975.00
PUBLIC WELFARE:			
Main Office.....	293,700.00		293,700.00
Children's Aid Branch.....	223,700.00		223,700.00
Day Nurseries Branch.....	369,625.00		369,625.00
Old Age and Pensions for the Blind	7,088,850.00		7,088,850.00
Mothers' Allowance Commission...	4,332,800.00		4,332,800.00
Unemployment Relief.....	1,065,000.00	13,373,675.00	1,065,000.00
	13,373,675.00		13,373,675.00
PUBLIC WORKS.....	808,600.00	3,000.00	805,600.00
MISCELLANEOUS.....	100,000.00	100,000.00	
	\$82,800,622.73	\$ 1,184,385.00	\$81,616,237.73
PUBLIC DEBT—Interest.....	\$26,397,130.64	6,560,377.50	19,836,753.14
Foreign Exchange.....	2,614,000.00	597,000.00	2,017,000.00
Sinking Fund Instalments and Railway Aid Certificates.....	5,311,478.29	34,322,608.93	5,311,478.29
	34,322,608.93		27,165,231.43
TOTAL.....	\$117,123,231.66	\$ 8,341,762.50	\$108,781,469.16

BUDGET FORECAST OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1944—MARCH 31, 1945

DEPARTMENT	CAPITAL RECEIPTS		
	Works and Resources, etc.	Loan Repayments	Trust Fund Deposits
AGRICULTURE.....		\$ 3,000.00	
HIGHWAYS.....	\$ 5,000.00		
LANDS AND FORESTS.....	75,000.00		
MINES.....	30,000.00		
MUNICIPAL AFFAIRS.....		14,000.00	
PRIME MINISTER:			
Public Service Superannuation Fund.....			1,345,000.00
PROVINCIAL TREASURER:			
Main Office.....	6,321,376.11	15,375,947.72	63,676.17
PUBLIC WELFARE:			
Dominion Government—			
Old Age Pensions and Pensions for the Blind		13,036,000.00	
	<u>\$6,431,376.11</u>	<u>\$28,428,947.72</u>	<u>\$1,408,676.17</u>

SUMMARY

Works and Resources.....	\$ 6,431,376.11
Loan Repayments.....	28,428,947.72
Trust Fund Deposits.....	1,408,676.17
	<u>\$36,269,000.00</u>

BUDGET FORECAST OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1944—MARCH 31, 1945

DEPARTMENT	CAPITAL PAYMENTS		
	Works and Resources, Etc.	Loan Advances	Trust Fund Repayments
AGRICULTURE.....		\$ 25,000.00	
HIGHWAYS.....	\$4,000,000.00		
PRIME MINISTER:			
Public Service Superannuation Fund.....			\$ 975,000.00
PROVINCIAL TREASURER.....	1,000,000.00	1,147,963.97	374,036.03
PUBLIC WELFARE:			
Dominion Government:			
Old Age Pensions and Pensions for the Blind		13,036,000.00	
PUBLIC WORKS.....	491,500.00		
	<u>\$5,491,500.00</u>	<u>\$14,208,963.97</u>	<u>\$1,349,036.03</u>

SUMMARY

Works and Resources.....	\$ 5,491,500.00
Loan Advances.....	14,208,963.97
Trust Fund Repayments.....	1,349,036.03
	<u>\$21,049,500.00</u>

ORDINARY EXPENDITURES

As has been stated there will be a reduction in revenues of approximately \$6,393,000. From the foregoing will be seen that there is an increase of approximately two million dollars in expenditures.

To effect this result there are some reductions in expenditures, the principal items being:

- (a) In the Department of the Attorney-General a reduction of \$1,139,405, which is largely accounted for by the fact that the costs of an election are not included in this year's budget.
- (b) The Minister of Highways has loyally co-operated to the extent of spending \$2,840,200 less on ordinary account. At the same time the Minister has so arranged his work that despite this reduction a million dollars extra will be spent on municipal roads. I cannot speak too highly of the Minister's co-operation in avoiding capital expenditures and in helping to conserve our credit which will be necessary to use when the time arrives to implement his great development works at the conclusion of this war. He is not only conserving our credit but he is conserving our means of employment for the time that it can be best used.
- (c) Public Debt. The gross cost of interest and foreign exchange is expected to be reduced by \$853,000. This is partly due to the character of the maturing obligations but to a large measure to the reduced debt of the Province. "Thereby taking the burden off the back of Old Man Ontario."

Against these decreases we have the following principal increases:—

Education, including an additional one mill to be passed on to real estate owners to reduce taxation—\$3,373,565.43.

Hydro. Extensions to rural hydro and road adjustments including the building of 400 additional miles of rural distribution line will cost approximately an additional \$900,000.

Health. Increased services will for this year cost the sum of \$1,013,305.

Welfare. The total cost for the year of extending benefits in mothers' allowances and old age pensions is estimated at over \$2,800,000. As these benefits were paid for a portion of the year which was just closing the additional over-all increase for 1944-1945 will be approximately \$1,800,000.

Provincial Secretary. In the Provincial Secretary's Department the extension of the eight-hour day to employees in prisons and reformatories will cost something over \$200,000.

Lands and Forests. In the Department of Lands and Forests for the purpose of extending preventative services the cost will be approximately \$300,000.

Planning and Development. For the Department of Planning and Development we are appropriating \$100,000.

These expenditures are clearly mandated by the people. In extending them we have observed the principles of public benefit, economy and pay-as-you-go. It should be said that the assistance to municipalities is a clear tax reduction given where the same is most needed and will most benefit the economy of this Province. We have proceeded on the principle that in these difficult days we should give all the assistance to the people that we are able within the limit of our means and without increasing the debt.

I have said that this is a wartime budget. I am sure that the taxpayers of Ontario will rejoice to hear of reduced debt, reduced interest, enlarged benefits, relief from real estate taxation and a balanced budget.

To summarize the accomplishments of the year 1943-1944 just ending and the forecast for the coming year 1944-1945 it is a pleasure to recount these things to you,—

1. We will decrease the Gross Debt of the Province in the year just ending by \$37,509,975.79.

2. We have carried on all of the undertakings of the Government and will achieve a surplus for the year 1943-1944 after providing for Sinking Fund requirements, of \$8,638,877.67.

3. We will decrease the Net Debt of the Province for this same year by the largest amount in history, in all amounting to \$12,072,721.38.

4. We have freed the universities from debt and have enabled them to go ahead with their great work by granting them in all a sum of \$1,316,000.

5. In the first step to better the lot of our teachers we have provided security for their future by means of an additional annual contribution to their superannuation funds amounting to about \$400,000.

6. By way of assistance in the cost of education and as a direct tax relief we are paying to the municipalities an extra mill, at a cost of over \$3,100,000.

7. For Health and Welfare we have provided for all of the increases granted to old age pensioners last November. We have made provisions for more equitable mother's allowances. We have allotted more than a million dollars extra to health services, all of which will involve payments for the coming year in excess of \$3,600,000.

8. To extend the benefits of Hydro to our farms and rural areas we have provided for the Province's share of rural hydro-electric rate adjustment and also the building of approximately 400 miles of line to service about 5,670 additional customers, all at a cost to the Province of about \$900,000.

9. We have provided for the placing of our officials in prisons and reformatories on an eight-hour day.

10. The Minister of Highways by a skilful readjustment of his work has provided for extra work on municipal roads to the extent of about one million dollars.

11. We are budgeting to reduce the Gross Debt of the Province and also to moderately reduce the Net Debt of the Province.

12. We are adhering to a strictly pay-as-you-go policy and we are budgeting for a reasonable wartime surplus.

In planning this Budget the Government has had in mind not only the immediate needs of our people. It has constantly kept in view the great task of rehabilitating our service men and women and the work of planning and development at the termination of this struggle.

For the fine old Province of Ontario there will be a great future; for our soldiers, sailors and airmen there will be a fit place for heroes to live in. We are building not only for these times, we are planning for a greater population, for industrial expansion, for prosperous farms and for happy and healthy people. We are laying the sure foundations for a greater and stronger Ontario.

SUB-INDEX

	PAGE
1—Balance Sheets—as at March 31st, 1943:	
Province of Ontario Savings Office	43
2—Analysis of Budgeted Gross Revenue—Fiscal Year 1944-45.....	44
3—Surpluses and Deficits, 1867 to 1944.....	45
4—Gross and Net Debt, 1914 to $\frac{1}{2}$ 1943	46-47
5—Provincial Debt, showing Investment thereof.....	48
6—Gross Provincial Debt—showing Decrease for Fiscal Year ended March 31st, 1943.....	49
7—Net Provincial Debt—showing Increase for Fiscal Year ended March 31st, 1943.	50

STATEMENT No. 1

THE PROVINCE OF ONTARIO SAVINGS OFFICE

Balance Sheet as at March 31st, 1943

ASSETS

Cash: On hand.....	\$117,687.07	
In banks	127,703.45	
	<u> </u>	\$ 305,390.52
Deposited with the Provincial Treasurer.....		35,675,584.93
Miscellaneous Accounts Receivable.....		1,831.30
Furniture and Fixtures—Cost.....	\$ 127,656.20	
Less: Reserve for Depreciation.....	93,542.55	
	<u> </u>	34,113.65
Alterations to Premises—Cost.....	\$ 23,665.16	
Less: Written off.....	6,662.12	
	<u> </u>	17,003.04
		<u> </u>
		<u><u>\$36,033,923.44</u></u>

LIABILITIES

Depositors' Funds—		
Current.....	\$35,707,466.49	
Unclaimed.....	33,173.85	
	<u> </u>	\$35,740,640.34
Surplus.....		293,283.10
		<u> </u>
		<u><u>\$36,033,923.44</u></u>

STATEMENT No. 2

Analysis of Budgeted Gross Revenue

Fiscal Year 1944-45

DOMINION GOVERNMENT:

Annual Subsidy	\$3,155,007.48		
Interest—Common School Fund	71,229.86		
Corporation Tax	* 20,960,450.85		
Income Tax	* 6,751,037.95		
		30,937,726.14	26.367%

TAXATION:

Gasoline Tax	* \$26,608,290.59		
Corporation Tax	1,000,000.00		
Income Tax	350,000.00		
Race Tracks	2,000,000.00		
Succession Duty	11,600,000.00		
Mining Tax	1,566,000.00		
Fire Marshal's Tax	70,000.00		
Provincial Land Tax	135,000.00		
Security Transfer Tax	400,000.00		
		43,729,290.59	37.269%

ROYALTIES, DUTIES AND DUES:

Bonus and Timber	4,490,250.00		
Game and Fisheries	120,000.00		
Sand and Gravel	49,000.00		
		4,659,250.00	3.971%

LICENSES AND PERMITS:

Motor Vehicles	7,000,000.00		
Game and Fisheries	813,200.00		
Liquor Permits	1,000,000.00		
Garage, Gas Pumps, etc.	50,000.00		
Marriage	100,000.00		
Theatres, etc.	87,200.00		
Miners	25,000.00		
Insurance Act	184,200.00		
Loan and Trust Corporations Act	10,435.00		
Other Licenses and Permits	22,825.00		
		9,292,860.00	7.920%

FEES:

Law Stamps	400,000.00		
Letters Patent and Supplementary Letters Patent	62,000.00		
Companies Act (Incorporation Returns and Registrar's Fees)	21,000.00		
Legislation (Private Bills)	3,000.00		
Court and Legal (Police Magistrates, Local Masters, Local and Surrogate Registrars, Crown Attorneys, Sheriffs, Division Court Clerks, Bailiffs and Witnesses)	295,500.00		
Registry Office and Land Transfer	400,000.00		
Brokers and Salesmen, Real Estate Brokers and Salesmen	72,500.00		
Censorship	97,800.00		
Vital Statistics (Certificates, Searches, etc.)	53,000.00		
Mines and Mining (including Fees of Operators)	40,000.00		
Public Health (Laboratories and Nurses' Registration, T.B. Preventive X Ray Service, Industrial Hygiene X Ray Service)	202,900.00		
Tuition Fees (Agricultural Schools and Colleges and Training Schools)	38,750.00		
Apprenticeship Board, Boiler Inspection, Operating Engineers and Composite Inspection Branch	81,850.00		
Other Fees	93,095.00	1,861,395.00	1.586%

FINES AND PENALTIES:

Police Magistrates	\$ 160,000.00		
Other	1,200.00		
		161,200.00	.137%

PROFITS FROM TRADING ACTIVITIES:

Liquor Control Board (Profits, Fines, Licenses, etc.)	*	15,312,616.49	13.051%
---	---	---------------	---------

AGRICULTURE AND PUBLIC DOMAIN:

Rentals—Crown Leases and Licenses of Occupation	665,000.00		
Rentals—Parks and Beaches, etc.	44,750.00		
Rentals—Mining Leases and Licenses of Occupation	23,000.00		
		732,750.00	.625%

REPAYMENTS:

Sulphur Fumes Arbitrator	5,000.00		
Savings Offices	303,835.00		
Public Trustee	121,600.00		
Official Guardian	37,600.00		
Accountant—Supreme Court of Ontario	22,350.00		
Long Lac Diversion	21,300.00		
		515,685.00	.440%

SALES OF MATERIAL:

Produce, Live Stock, Equipment	987,415.00		.842%
--------------------------------------	------------	--	-------

RENT BOARD, MAINTENANCE OF PATIENTS, ETC.

	1,582,233.00		1.348%
--	--------------	--	--------

MISCELLANEOUS:

	403,232.00		.344%
--	------------	--	-------

INTEREST—Public Debt, etc.

	7,157,377.50		6.100%
--	--------------	--	--------

\$117,333,030.72 100.00%

* Guaranteed by Dominion Government

STATEMENT No. 3

STATEMENT SHOWING SURPLUS OR DEFICIT

For the Period from July 1st, 1867 to March 31st, 1944

	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.....	86,843,270.67	86,520,775.25	322,495.42	
" " " " " 1940.....	88,172,951.62	91,407,047.81		3,234,096.19
" " " " " 1941.....	103,802,020.46	89,867,589.32	13,934,431.14	
" " " " " 1942.....	111,496,169.77	96,337,015.77	15,159,154.00	
" " " " " 1943.....	118,076,044.22	102,126,226.13	15,949,818.09	
" " " " " ***1944.....	123,726,431.16	115,087,553.49	8,638,877.67	

***Gross Interim figures only.

STATEMENT No. 4

PROVINCE					
Statement of Gross					
1914-					
	Gross Debt		Realizable and Income		
	Total \$	Yearly Increase \$	Hydro \$	T. & N.O. \$	Loans, Cash and Accts. Receivable \$
1914.....	41,716,000	.....	10,110,000	20,246,000	5,066,000
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
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
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
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
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
1939.....	712,767,000	34,692,000	147,841,000	30,208,000	56,450,000
1940.....	737,078,000	24,311,000	145,319,000	30,208,000	54,348,000
1941.....	729,648,000	7,430,000	137,600,000	30,208,000	55,640,000
1942.....	724,771,000	4,877,000	135,904,000	30,208,000	51,531,000
1943.....	704,864,000	19,907,000	121,684,000	30,208,000	57,531,000

*Five months ended March 31st.

- a Population as per Dominion Bureau of Statistics' Estimates as shown in Canada Year Book 1940, p. 103.
 b " " Register General's Estimates as shown in report of 1940, p. 1.
 c " " Dominion Bureau of Statistics Census, 1941.

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

STATEMENT No. 4

OF ONTARIO

and Net Debt

1943

Producing AssetsNet 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
251,024,000	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	a 1937 "	3,711,000	118.11
234,499,000	5,282,000	478,268,000	39,974,000	a 1938 "	3,731,000	128.19
229,875,000	4,624,000	507,203,000	28,935,000	a 1939 "	3,752,000	135.18
223,448,000	6,427,000	506,200,000	1,003,000	b 1940 "	3,763,000	134.52
217,643,000	5,805,000	507,128,000	928,000	c 1941 Cen.	3,788,000	133.88
209,423,000	8,220,000	495,441,000	11,687,000	c 1941 "	3,788,000	130.79

STATEMENT No. 5

PROVINCIAL DEBT

Statement Showing Investment Thereof as at March 31, 1943

FUNDED DEBT—

Stock and Debentures Outstanding.....	\$624,128,573	30
Railway Aid Certificates.....	115,616	10
	<u>\$624,244,189</u>	<u>40</u>
Deduct—Sinking Fund Investments.....	13,839,259	43
Total Funded Debt.....	\$610,404,929	97

UNFUNDED DEBT—

Treasury Bills.....	\$ 43,000,000	00
Savings Office Deposits.....	35,740,640	34
Special Funds, etc.....	6,043,737	05
	<u>84,784,377</u>	<u>39</u>
ACCOUNTS PAYABLE AND ACCRUED INTEREST.....	9,675,053	74

Gross Debt.....\$704,864,361 10

INVESTMENT THEREOF—

Revenue Producing and Realizable Assets—

Hydro-Electric Power Commission Advances.....	\$121,684,188	12
Temiskaming and Northern Ontario Railway—		
Advances.....	30,207,934	92
Farm, Housing, Municipal and Settlers' Loans.....	41,147,942	78
Accounts Receivable.....	8,062,249	54
Cash.....	8,320,754	41
	<u>\$209,423,069</u>	<u>77</u>

Revenue Producing but not Realizable Assets—

Roads and Highways.....	\$355,261,606	04
Niagara Parks Commission (Surplus of Assets).....	1,017,105	22
Common School Fund—Trust Fund, (Ontario and Quebec)	1,424,597	20
	<u>357,703,308</u>	<u>46</u>

Total Revenue Producing Assets.....\$567,126,378 23

Non-Revenue Producing Assets—

Public Buildings, Public Works, etc.....	\$114,747,888	41
Plant, Stores and Equipment.....	3,061,115	77
Deferred Assets.....	2,321,810	71
	<u>120,130,814</u>	<u>89</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)	6,954,731	32
	<u>79,828,253</u>	<u>32</u>

Total Assets.....\$767,085,446 44

SURPLUS AND RESERVES—represented in above Assets.....\$ 62,221,085 34

STATEMENT No. 6

GROSS PROVINCIAL DEBT

Statement Showing Decrease

For the Fiscal Year, April 1, 1942, to March 31, 1943

	1940		1941		1942		1943		Decrease 1943 over 1942	
	\$	c.	\$	c.	\$	c.	\$	c.	\$	c.
Funded Debt . . .	618,744,454	48	616,584,197	24	619,495,686	16	610,404,929	97	9,090,756	19
Unfunded Debt .	108,946,569	85	103,315,482	45	95,195,223	18	84,784,377	39	10,410,845	79
Income Liabilities	9,386,971	70	9,748,483	07	10,079,971	61	9,675,053	74	404,917	87
	<u>737,077,996</u>	<u>03</u>	<u>729,648,162</u>	<u>76</u>	<u>724,770,880</u>	<u>95</u>	<u>704,864,361</u>	<u>10</u>	<u>19,906,519</u>	<u>85</u>

DECREASE IN GROSS DEBT ACCOUNTED FOR THUS—

Provision Charged to Ordinary Expenditures—

Retirement of Railway Aid Certificates	\$	25,850	53
Sinking Fund Instalments		1,181,000	00
Surplus on Ordinary Account (as per Statement 1)		15,949,818	09

\$ 17,156,668 62

Discount on Debentures, etc., written off		1,056,850	47
Earnings on Sinking Fund Investments (net)		15,805	66

Net Repayments on Loans Receivable—

Hydro-Electric Power Commission of Ontario	\$	14,220,248	84
Agricultural Development Board		3,137,000	00
Housing Loans		17,939	13
Tile Drainage Loans		128,034	76
Municipal Debentures		453,167	64
Miscellaneous		196,716	18

18,153,106 55

Increase in Reserves (net)		8,298	61
Decrease in Sundry Assets of Savings Office		9,123	26
Decrease in Income Liabilities		404,917	87
Adjustment re Pulpwood Supply Company		70,650	00

\$ 36,875,421 04

Deduct:

Capital Disbursements—

Disbursements on Highways, Public Buildings and Works, etc.	\$	7,937,851	81
Less: Capital Receipts		143,093	59

\$ 7,794,758 22

Discount on Debentures, etc., issued during year		606,796	07
Payments re Guaranteed Debentures (net)		239,664	40
Adjustment—Accrued Interest on Treasury Bills		6,928	09
Increase in Cash		8,320,754	41

16,968,901 19

NET DECREASE \$ 19,906,519 85

STATEMENT No. 7

NET PROVINCIAL DEBT

Statement Showing Decrease

For the Fiscal Year, April 1, 1942, to March 31, 1943

	1940		1941		1942		1943		Decrease 1943 over 1942	
	\$	c.	\$	c.	\$	c.	\$	c.	\$	c.
Gross Debt.....	737,077,996	03	729,648,162	76	724,770,880	95	704,864,361	10	19,906,519	85
Revenue Producing and Realizable Assets....	229,874,850	43	223,448,148	39	217,642,774	47	209,423,069	77	8,219,704	70
NET DEBT....	507,203,145	60	506,200,014	37	507,128,106	48	495,441,291	33	11,686,815	15

DECREASE IN NET DEBT ACCOUNTED FOR THUS—

Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.....	\$ 25,850	53
Sinking Fund Instalments.....	1,181,000	00
Surplus on Ordinary Account.....	15,949,818	09

	\$ 17,156,668	62
Discount on Debentures, etc.—Written off.....	1,056,850	47
Earnings on Sinking Fund Investments (net).....	15,805	66
Increase in Income Accounts Receivable.....	1,999,079	28
Decrease in Savings Offices—Furniture and Fixtures and Alterations to Premises.....	8,996	40
Decrease in Income Liabilities.....	404,917	87
Adjustment re Special Funds.....	70,650	00
Increase in Reserves.....	8,298	61
Miscellaneous Decreases.....	4,100	64

\$ 20,725,367 55

Deduct:

Capital Disbursements—

Disbursements on Highways, Public Buildings and Works, etc.....	\$ 7,937,851	81
Less—Capital Receipts.....	143,093	59

	\$ 7,794,758	22
Discount on Debentures, etc., issued during year.....	606,796	07
Adjustment—Accrued Interest on Treasury Bills.....	6,928	09
Increase in Deferred Assets.....	239,664	40
Decrease in Receivables—due from Municipalities and Dominion Government—re Highways.....	198,211	22
Decrease in Accrued Interest on Agricultural Development Board Debentures.....	192,194	40

9,038,552 40

NET DECREASE.....\$ 11,686,815 15

