

# BUDGET ADDRESS

Delivered by

The Hon. Leslie M. Frost

Treasurer of the Province of Ontario

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

Wednesday, March 20th, 1946

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  
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suffering their lives on distant foreign fields. They have been or are returning  
to their homeland to devote their lives, we hope, to peaceful pursuits which will  
lead to a greater and happier country. We are thankful that the shadows of war  
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in the clear light of peace. It is therefore under much happier circumstances  
that I stand before you and discuss with you our postwar financial position and  
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On the 9th of March, 1945, I introduced the Budget for the fiscal year  
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were restricted by reason of agreements which had been entered into in order to  
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the defeat of our Axis enemies. We had undertaken financial obligations relating  
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which have been common to the ending of most wars.



# BUDGET ADDRESS

DELIVERED BY

THE HON. LESLIE M. FROST

TREASURER OF THE PROVINCE OF ONTARIO

IN THE

LEGISLATIVE ASSEMBLY OF ONTARIO

WEDNESDAY, MARCH 20th, 1946

---

Mr. Speaker: This year, I am making the Budget presentation under very different circumstances than last year. Germany and Japan have gone down to total defeat before the arms of our Allies and ourselves. Our sons are no longer offering their lives on distant foreign fields. They have been or are returning to their homeland to devote their lives, we hope, to peaceful pursuits which will lead to a greater and happier country. We are thankful that the shadows of war which darkened our homeland have been lifted and that we may now walk about in the clear light of peace. It is therefore under much happier circumstances that I stand before you and discuss with you our postwar financial position and requirements.

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Since August, 1943, we had been making preparations for a Dominion-Provincial Conference. During last Spring and Summer, these preparations became intensive. The Dominion-Provincial Conference itself was finally called on August 6th. During the past year our Treasury Committees have been in session almost continuously. At this time I should like to pay tribute to the staff of the Treasury Department and in particular to the senior officials who have worked long hours and have given valuable and loyal service to the Province in these important days. They have measured up to the multitude of problems with which they have been confronted. Their immense labour, thought and long hours in connection with the Dominion-Provincial Conference have been a credit to themselves and to their Province.

In the Budget speech of a year ago, I charted what our course should be and set forth very clearly our objective. The difficulties were admittedly great. Without stinting essential service, we practised every reasonable economy. We endeavoured to give to the taxpayers the best possible value for their money.

#### COMPARISON OF REVENUE AND EXPENDITURE

As has been indicated already, revenues for the current fiscal year exceed those estimated in the 1945-46 Budget forecast. Practically all departments of government report increases. This general improvement may be attributed to an upsurge of business activities due to an abundant supply of purchasing power, characteristic of wartime and immediate postwar conditions.

Particular mention should be made of increases in the revenues of the Mines Department, Provincial Secretary's Department, and the receipts from the Liquor Control Board of Ontario.

In the Mines Department, legislation introduced at the Special Session in July last resulted in two years' Mining Taxes becoming payable in one fiscal year, accounting for an approximate increase of \$900,000 in the revenues of that Department.

In the Provincial Secretary's Department over \$600,000 additional revenue was collected, the increase being due largely to the incorporation of new joint-stock companies.

Profits from the Liquor Control Board of Ontario yielded an increase of approximately \$6,000,000. An explanation of this is to be found in the progressive relaxation of wartime restrictions dating from the month of August, 1945, and made possible by the action of the Dominion Government in rescinding its war-time regulations governing the supply of spirituous liquors. The removal of the Dominion restrictions has resulted in a four-fold supply of spirits becoming available for purchase and consumption in Ontario as compared with one year ago.

The following table for the years 1943, 1944 and 1945 inclusive, showing the revenues of the Provincial and Dominion Governments from liquor sold in Ontario, may be of interest:

Fiscal Year ended March 31st	Liquor Profits paid to Provincial Treasury	Dominion Liquor Revenue (including malt tax) from sales in Ontario
1943 .....	\$17,275,000	\$34,000,000
1944 .....	20,000,000	32,600,000
1945 .....	18,713,000	36,200,000



As to increases in expenditure on Ordinary Account, three outstanding items deserve special mention; they are: an increase of one and one-quarter million dollars in the Department of the Attorney-General, occasioned by the holding of the General Provincial Election in June of last year; an increase of \$698,000 in the Department of Health, largely accounted for by increases in salaries and staffs at the Ontario Mental Hospitals and by increases in assistance to sanatoria engaged in the care and treatment of tubercular patients; in the Department of Highways the sum of \$5,630,000 was required to cover the cost of urgently needed repairs and maintenance of King's Highways. During the war period excessive traffic by heavy trucks and transports engaged in the carrying of vast quantities of war equipment and supplies, played havoc with the King's Highways. Men and materials could not be spared for the necessary upkeep, which had to be deferred for the time being. With the ending of the war, to have postponed making repairs, already so urgently required, would have been disastrous and the Minister of Highways, with the approval of the Treasury Board, took prompt action to utilize materials and labour, directly they became available.

#### PUBLIC FINANCING

The results of the year's management of the Public Debt indicate considerable favourable progress has been made in public financing. Your attention is especially drawn to the fact that the provincial debt payable in New York funds has been reduced by \$6,369,000, and payable in London by \$2,020,319.98.

As the Dominion Government has announced its intention to continue foreign exchange control measures, it is with satisfaction that I am able to report a reduction in the External Debt of the Province of over eight million dollars for the year. The following new public loans were issued:

##### IN NEW YORK:

Series R.A.B. with coupon rate of  $1\frac{1}{4}\%$  per annum due serially July 2nd, 1946-48 .....\$15,000,000.00  
This replaces a loan which matured on July 1st, 1945, and which carried a coupon rate of  $2\frac{1}{2}\%$  per annum. The annual interest saving on this loan amounts to \$150,000.

##### IN CANADA:

Series R.A.C. carrying coupon rate of  $1\frac{1}{2}\%$  per annum due serially September 1st, 1946-48 .....\$18,000,000.00

This loan replaces Series R.W. due September 1st, 1945, which carried a coupon rate of  $1\frac{3}{4}\%$  per annum. The annual saving on this loan is \$45,000.

Series R.A.D. coupon rate 1 to  $2\frac{3}{4}\%$  per annum due serially September 15th, 1946-55 .....\$26,000,000.00

This loan replaces Series R.T. which carried a coupon rate of  $2\%$  per annum, maturing on September 1st, 1945, in the amount of \$10,000,000 and Series R.G. which carried a coupon rate of  $3\%$  per annum, due December 15th, 1945-49 in the amount of \$16,500,000 (\$500,000 was paid out of current revenue). Annual saving \$210,000 in interest.



This latter series R.G. was issued on December 15th, 1938, with maturity date of December 15th, 1949, but the bonds contained a callable clause giving the Province the option to call them on December 15th, 1945. This option was exercised with the resultant saving in interest due to refunding the loan at lower rates.

The resultant annual savings in interest and foreign exchange will amount to approximately \$600,000. I think the House will agree that this is a very gratifying saving to be realized in one year resulting as it has, from prudent management of the public debt. This improvement in our financial position, impressive as it is, was made possible in part by the sound action of this Government in calling, at the earliest possible date, debentures which normally would have continued outstanding, bearing rates of interest much higher than the rates at which we were able to refund the loans.

The significance of these figures is that the strong financial position of the Province is reflected in its high credit standing and the resulting low rates of interest at which the Province is able to borrow. The fact is that these rates compare most favourably with those obtained by other public authorities. Certainly the rates are well below those paid by the other provinces of Canada.

Before leaving the subject of Public Financing may I call the attention of the Assembly to an uncontrollable expenditure in respect of Foreign Exchange charges on that part of the provincial debt which is payable at the option of the holders in American funds. Shortly after the outbreak of World War No. 2, the Dominion Government established a Foreign Exchange Control Board and set up regulations governing international money transactions. At that time, out of an outstanding Funded Debt of upwards of six hundred millions of dollars over three hundred and twenty-five million dollars of obligations outstanding, were payable at the option of the holders in New York funds. Foreign exchange control regulations provided that New York funds purchased carry a premium of 11%. This rate has recently been slightly reduced. As a direct result of foreign exchange control regulations the Province and the Hydro during the war-period, have paid in premiums for New York exchange to cover interest and maturing debentures a sum in excess of twelve million dollars. This is a burden which has been put upon the Province and the Hydro-Electric Power Commission of Ontario as a result of the financial policy of the Dominion Government. No complaint has been made by this Government during the period of the war. However, with the termination of the war, we have submitted that this annual burden of upwards of two million dollars per annum in the case of Ontario, and in varying amounts in other jurisdictions, should not be borne by those jurisdictions.

It is part of Canada's announced future exchange policy, of which we do not question the wisdom, to continue foreign exchange control. This, however, imposes an annual burden upon this Province of upwards of two million dollars per annum and in years when maturities are heavy the burden will of course be many times greater. Ontario is unable because of this condition, imposed by the Foreign Exchange Control Board, to retire its debts due in foreign currency as and when the debts mature, unless of course we would be willing to pay the exchange premiums necessary to retire them. This imposes upon the Province a very heavy burden, which operates to prevent the repatriation of our foreign



loans. Originating as it does with the Dominion and forming part of their peacetime foreign exchange policy, it has been submitted that the Dominion Government should make available to provincial and municipal governments, at parity of exchange, foreign exchange required to meet their external obligations. I make this explanation to the House because of Section 5 of the Ontario submission to the Dominion-Provincial Conference relating to foreign exchange.

#### PROVINCE OF ONTARIO SAVINGS OFFICES

In dealing with the relations of the Treasury Department with the lending public, mention may well be made of the part played by the Province of Ontario Savings Offices. As Members of the Assembly are aware, the Province of Ontario Savings Offices are often referred to as a bank. This is a misnomer. The Savings Offices are merely sub-treasury branches of the main Treasury Office. They have no constitutional authority to engage in banking as such and merely accept deposits from the public.

Total deposits of the Savings Offices on December 31st, 1945, amounted to \$43,820,919.00 as compared with \$38,741,362.00 on December 31st, 1944.

During this period, depositors purchased over \$8,000,000.00 of the 8th and 9th Victory Loan Bonds.

There has been no change in our interest rates during the year.

No new branches were opened during the year, the number remaining at 22.

Deposits are steadily increasing, which shows the confidence that the public has in the credit of the Province of Ontario.

#### AGRICULTURAL DEVELOPMENT LOANS

We are continuing to liquidate the loans granted under the Agricultural Development Board. Many of the loans are now maturing and mortgagors are repaying their loans promptly.

The number of current loans as of December 31st, 1945, has been reduced to 11,619, with a total indebtedness of \$23,436,000, including principal and interest.

Under The Farm Loans Adjustment Act 402 applications for relief were filed from the inception of the Act in 1943 to December 31st, 1945. Of these applications, 323 were decided by the courts, 288 applications were granted reductions, 35 re-amortized. The balance have either been withdrawn, dismissed, or remain to be heard. The following reductions have been made to mortgagors: on account of principal \$109,686.00, on account of interest \$133,000, on account of taxes, etc., \$2,126, making a total of approximately \$245,000. The total reductions granted under The Farmers' Creditors Arrangement Act from its inception to the 31st December, 1945, amounted to \$1,183,757.

I shall now report upon the operations of the year which will close on the last of this month. With the permission of the House I desire to table the statement of the Gross and Net Ordinary Expenditure for the fiscal year April 1st, 1945, to March 31st, 1946, consisting of ten months' actual payments and two months' forecast, the total Net Expenditure being \$127,410,600.00.



## INTERIM STATEMENT OF ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1945—MARCH 31, 1946

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Net Ordinary Expenditure
AGRICULTURE.....	\$ 6,547,300.00	\$ .....	\$ 6,547,300.00
ATTORNEY-GENERAL.....	4,817,400.00	215,200.00	4,602,200.00
EDUCATION.....	24,752,500.00	.....	24,752,500.00
GAME AND FISHERIES.....	752,100.00	.....	752,100.00
HEALTH.....	13,045,300.00	18,000.00	13,027,300.00
HIGHWAYS.....	19,680,500.00	.....	19,680,500.00
INSURANCE.....	63,300.00	.....	63,300.00
LABOUR.....	505,600.00	5,400.00	500,200.00
LANDS AND FORESTS.....	3,894,800.00	.....	3,894,800.00
LEGISLATION.....	276,000.00	.....	276,000.00
LIEUTENANT-GOVERNOR.....	10,200.00	.....	10,200.00
MINES.....	515,200.00	5,800.00	509,400.00
MUNICIPAL AFFAIRS.....	3,357,200.00	.....	3,357,200.00
PLANNING AND DEVELOPMENT.....	205,300.00	.....	205,300.00
PRIME MINISTER.....	309,500.00	.....	309,500.00
PROVINCIAL AUDITOR.....	125,000.00	.....	125,000.00
PROVINCIAL SECRETARY.....	2,793,000.00	698,000.00	2,095,000.00
PROVINCIAL TREASURER.....	1,782,500.00	344,600.00	1,437,900.00
PUBLIC WELFARE.....	12,957,600.00	.....	12,957,600.00
PUBLIC WORKS.....	1,087,700.00	3,000.00	1,084,700.00
STATIONERY ACCOUNT.....	33,900.00	.....	33,900.00
	<hr/>	<hr/>	<hr/>
	\$ 97,511,900.00	\$1,290,000.00	\$ 96,221,900.00
PUBLIC DEBT—Interest, etc.....	25,713,200.00	6,777,600.00	18,935,600.00
Foreign Exchange.....	1,701,000.00	618,200.00	1,082,800.00
Sinking Fund Instalments and Railway Aid Certificates.....	5,370,300.00	.....	5,370,300.00
	<hr/>	<hr/>	<hr/>
	\$ 32,784,500.00	\$7,395,800.00	\$ 25,388,700.00
	<hr/>	<hr/>	<hr/>
Advance payment of an amount equal to twenty per cent of the estimated 1946 General Legislative School Grants.....	5,800,000.00	.....	5,800,000.00
	<hr/>	<hr/>	<hr/>
	\$136,096,400.00	\$8,685,800.00	\$127,410,600.00
	<hr/>	<hr/>	<hr/>



With the permission of the House, I table the statement of the Gross and Net Ordinary Revenue for the fiscal year April 1st, 1945, to March 31st, 1946, consisting of ten months' actual receipts and two months' estimated receipts, the total Net Revenue amounting to \$127,662,600.00.

## INTERIM STATEMENT OF ORDINARY REVENUE

FISCAL YEAR APRIL 1, 1945—MARCH 31, 1946

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	Gross Ordinary Revenue	Application of Revenue to Expenditure	Net Ordinary Revenue
AGRICULTURE.....	\$ 466,000.00	\$ .....	\$ 466,000.00
ATTORNEY-GENERAL.....	1,081,100.00	215,200.00	865,900.00
EDUCATION.....	140,400.00	.....	140,400.00
GAME AND FISHERIES.....	1,608,600.00	.....	1,608,600.00
HEALTH.....	1,851,500.00	18,000.00	1,833,500.00
HIGHWAYS:			
Main Office and Branches.....	36,000.00	.....	36,000.00
Gasoline Tax Branch.....	27,303,100.00	.....	27,303,100.00
Miscellaneous Permits Branch.....	97,900.00	.....	97,900.00
Motor Vehicles Branch.....	9,500,000.00	.....	9,500,000.00
	<u>\$ 36,937,000.00</u>		<u>\$ 36,937,000.00</u>
INSURANCE.....	\$ 225,100.00	.....	\$ 225,100.00
LABOUR.....	127,800.00	5,400.00	122,400.00
LANDS AND FORESTS.....	6,610,000.00	.....	6,610,000.00
LEGISLATION.....	6,500.00	.....	6,500.00
MINES.....	2,257,900.00	5,800.00	2,252,100.00
MUNICIPAL AFFAIRS.....	42,700.00	.....	42,700.00
PROVINCIAL SECRETARY.....	2,041,000.00	698,000.00	1,343,000.00
PROVINCIAL TREASURER:			
Main Office—Subsidy.....	3,155,000.00	.....	3,155,000.00
Interest.....	71,200.00	.....	71,200.00
Miscellaneous.....	751,000.00	.....	751,000.00
Liquor Control Board.....	24,000,000.00	.....	24,000,000.00
Controller of Revenue Branch:			
Succession Duty.....	12,500,000.00	.....	12,500,000.00
Corporations Tax Subvention.....	21,491,100.00	.....	21,491,100.00
Income Tax Subvention.....	6,776,100.00	.....	6,776,100.00
Corporations Tax.....	600,000.00	.....	600,000.00
Income Tax.....	220,000.00	.....	220,000.00
Race Tracks.....	2,558,100.00	.....	2,558,100.00
Security Transfer Tax.....	1,300,000.00	.....	1,300,000.00
Land Transfer Tax.....	800,000.00	.....	800,000.00
Law Stamps.....	500,000.00	.....	500,000.00
Motion Picture Censorship and Theatre Inspection Branch.....	194,700.00	.....	194,700.00
King's Printer—Ontario Gazette.....	14,000.00	.....	14,000.00
Province of Ontario Savings Office.....	344,600.00	344,600.00	.....
	<u>\$ 75,275,800.00</u>	<u>\$ 344,600.00</u>	<u>\$ 74,931,200.00</u>
PUBLIC WELFARE.....	\$ 57,100.00	\$ .....	\$ 57,100.00
PUBLIC WORKS.....	224,100.00	3,000.00	221,100.00
	<u>\$128,952,600.00</u>	<u>\$1,290,000.00</u>	<u>\$127,662,600.00</u>
PUBLIC DEBT—Interest, etc.....	6,777,600.00	6,777,600.00	.....
Foreign Exchange.....	618,200.00	618,200.00	.....
	<u>\$136,348,400.00</u>	<u>\$8,685,800.00</u>	<u>\$127,662,600.00</u>



With the permission of the House, I table a Summary of the statements of Ordinary Expenditures and Revenues.

It is with great pride that I tell you that by reason of a careful administration of our revenues and after providing for Sinking Fund requirements, I am able to report to you an Interim Surplus of \$6,052,000.00.

Last year you will recollect that I submitted to the House Supplementary Estimates authorizing the advance payments to the school boards of Ontario of an amount of \$8,808,000. The payment was made to the school boards before the 31st of March, 1945, and had the effect of placing the school boards in funds and saved them from the difficulties and expense of financing through the banks, with the payment of large sums of interest, in anticipation of taxes which they would receive in the Autumn. I propose to follow the same course this year. The Interim Surplus which we achieved makes it possible to advance to the school boards of Ontario before the 31st of March this year, twenty per centum of their estimated grants for 1946. This sum represents \$5,800,000.00 which will be paid to the school boards immediately the Supplementary Estimates are approved. After the disbursing of this amount we shall have a surplus for the year of \$252,000.00.

The Summary to which I refer is as follows:

#### SUMMARY

##### ORDINARY REVENUE AND ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1945—MARCH 31, 1946

10 Months Actual—2 Months Forecast—12 Months

Net Ordinary Revenue.....	\$127,662,600.00
Less: Net Ordinary Expenditure (before providing for Sinking Funds, Maturing Railway Aid Certificates and Advance Payment of School Grants).....	116,240,300.00
Surplus (before providing for Sinking Funds, Maturing Railway Aid Certificates and Advance Payment of School Grants).....	\$ 11,422,300.00
Less: Provision for Sinking Funds and Maturing Railway Aid Certificates.	5,370,300.00
Surplus (before providing for Advance Payment of School Grants).....	\$ 6,052,000.00
Less: Advance payment of an amount equal to twenty per cent of the estimated 1946 General Legislative School Grants.....	5,800,000.00
Balance of Surplus after providing for Advance payment of an amount equal to twenty per cent of the estimated 1946 General Legislative School Grants..	\$ 252,000.00



With the permission of the House I desire to table an interim statement of the Gross and Net Capital Receipts for the fiscal year April 1st, 1945, to March 31st, 1946, being ten months' actual and two months' forecast. The total capital receipts are \$28,759,000.00 gross.

### INTERIM STATEMENT OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1945—MARCH 31, 1946

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	Gross Capital Receipts	Application of Receipts to Payments	Net Capital Receipts
AGRICULTURE.....	\$ 4,000.00	\$ .....	\$ 4,000.00
HIGHWAYS.....	23,900.00	.....	23,900.00
LABOUR.....	950,000.00	.....	950,000.00
LANDS AND FORESTS.....	190,000.00	.....	190,000.00
MINES.....	83,600.00	.....	83,600.00
PRIME MINISTER.....	1,695,000.00	.....	1,695,000.00
PROVINCIAL SECRETARY.....	5,000.00	.....	5,000.00
PROVINCIAL TREASURER.....	12,111,900.00	.....	12,111,900.00
PUBLIC WELFARE.....	13,695,100.00	13,695,100.00	.....
PUBLIC WORKS.....	500.00	.....	500.00
	<u>\$28,759,000.00</u>	<u>\$13,695,100.00</u>	<u>\$15,063,900.00</u>

And now, Mr. Speaker, with the permission of the House, I desire to table a statement of Gross and Net Capital Payments for the fiscal year April 1st, 1945, to March 31st, 1946, being ten months' actual and two months' forecast, the total payments being \$22,335,600.00 gross.

### INTERIM STATEMENT OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1945—MARCH 31, 1946

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	Gross Capital Payments	Application of Receipts to Payments	Net Capital Payments
AGRICULTURE.....	\$ 300,000.00	\$ .....	\$ 300,000.00
GAME AND FISHERIES.....	23,000.00	.....	23,000.00
HIGHWAYS.....	3,250,000.00	.....	3,250,000.00
LABOUR.....	592,000.00	.....	592,000.00
PRIME MINISTER.....	1,059,800.00	.....	1,059,800.00
PROVINCIAL TREASURER.....	2,900,100.00	.....	2,900,100.00
PUBLIC WELFARE.....	13,695,100.00	13,695,100.00	.....
PUBLIC WORKS.....	476,000.00	.....	476,000.00
MISCELLANEOUS.....	39,600.00	.....	39,600.00
	<u>\$22,335,600.00</u>	<u>\$13,695,100.00</u>	<u>\$ 8,640,500.00</u>



With the permission of the House, I now table statements showing the Gross Debt, the Indirect Debt and the Net Debt of the Province.

### PROVINCE OF ONTARIO

#### DETAIL SUMMARY ACCOUNTING FOR ESTIMATED DECREASE IN GROSS DEBT

For the Fiscal Year to End on March 31, 1946

Gross Debt as at March 31, 1945.....	\$646,483,511.60
Estimated Gross Debt as at March 31, 1946.....	640,790,401.10

ESTIMATED DECREASE for the fiscal year to end on March 31, 1946.....	<u>\$ 5,693,110.50</u>
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#### GROSS DEBT DECREASED BY:

##### Surplus—

Surplus on Ordinary Account.....	\$ 252,000.00
Retirement of Railway Aid Certificates..	18,251.86
Sinking Fund Provision.....	5,352,000.00
	<u>\$5,622,251.86</u>
Discount on Debentures, written off.....	862,000.00
Earnings on Sinking Fund Investments.....	11,038.79

##### Loan Repayments—

Hydro-Electric Power Commission of Ontario.....	\$1,528,198.38
Agricultural Development Board.....	3,400,000.00
Loans to Municipalities, etc. (Net).....	119,235.96
	<u>5,047,434.34</u>
Decrease in Income Liabilities.....	326,000.00
Increase in Reserves (Net).....	1,719.85
	<u>\$ 11,870,444.84</u>

#### GROSS DEBT INCREASED BY:

##### Capital Disbursements—

Highways, Public Buildings, Public Works, etc.....	\$5,304,000.00
Less—Capital Receipts.....	297,600.00
	<u>\$5,006,400.00</u>
Payment re Guaranteed Debentures (Net).....	772,869.94
Co-operative Marketing Loans (Net Increase).....	273,064.40
Discount on Debentures, issued during year.....	125,000.00
	<u>6,177,334.34</u>

Estimated Decrease for the year to end on March 31, 1946.....	<u>\$ 5,693,110.50</u>
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## PROVINCE OF ONTARIO

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

Estimated as at March 31, 1946

TOTAL as per Public Accounts March 31, 1945.....	\$128,661,568.44
ADD—New Guarantees or Increases for the Fiscal Year to end on March 31, 1946.....	64,500.00
	<u>\$128,726,068.44</u>
LESS—Principal Maturities redeemed or to be redeemed during the fiscal year to end on March 31, 1946—	
Co-operative Associations.....	\$ 107,750.00
Municipalities.....	14,391.43
Park Commissions.....	131,600.00
Power Commission.....	7,869,000.00
Railways.....	987,000.00
Schools.....	154,561.35
Ontario Stock Yards Board.....	85,032.92
Universities.....	109,425.00
	<u>9,458,760.70</u>
	\$119,267,307.74
LESS—Sinking Fund Deposits for the fiscal year to end on March 31, 1946....	24,347.04
Estimated Contingent Liability of the Province as at March 31, 1946.....	<u>\$119,242,960.70</u>

## SUMMARY

Contingent Liability of the Province as at March 31, 1945.....	\$128,661,568.44
Estimated Contingent Liability of the Province as at March 31, 1946.....	119,242,960.70
Estimated Decrease.....	<u>\$ 9,418,607.74</u>

## PROVINCE OF ONTARIO

## ESTIMATED DECREASE IN THE NET DEBT

As at March 31, 1946

As at March 31, 1945:	
Gross Debt.....	\$646,483,511.60
Less—Revenue Producing and Realizable Assets.....	166,174,554.45
Net Debt.....	<u>\$480,308,957.15</u>
As at March 31, 1946:	
Estimated Gross Debt.....	\$640,790,401.10
Less—Estimated Revenue Producing and Realizable Assets.....	161,069,092.77
Estimated Net Debt.....	<u>\$479,721,308.33</u>
Estimated Decrease in Net Debt.....	<u>\$ 587,648.82</u>

The House will be glad to know that the Gross Debt will show a decrease for the year ending March 31st, 1946, of \$5,693,110.50 while the Net Debt will show an estimated decrease of \$587,648.82.



It is with a deep sense of satisfaction, which I believe is justifiable, that I make this statement to you. This is the third Budget which I have had the honour of introducing. In each case it has been my privilege to announce a surplus on Ordinary Account, a reduction in Gross Debt and a reduction in Net Debt. This marks a new achievement in Government financing and not since Net Debt became a factor in Government financing some forty years ago have three successive Net Debt reductions been announced. The Government is glad indeed to be able to announce to the people that, without imposing any new taxes, it has steadfastly adhered in the war days which have closed to a sound policy of a balanced Budget, a reduction in debt and with it a conservation of our credit, which is of such inestimable value and will be of vital importance in the postwar days of expansion and progress which are immediately ahead.

#### WAYS AND MEANS, 1945-46

Mr. Speaker, I have now given to the House a report of the revenues which have been received and the expenditures of the same. I trust that I have given a clear and understandable statement of our position. I now have the honour to submit to you, and through you to the people of Ontario, an outline of our financial position, and something of the problems which we shall face in the years which are immediately to come.

In charting our course for the future I should like to consider with you our future financial and taxation requirements. In so doing there are certain points which should be borne in mind.

Firstly, as already outlined, during the last four years including the year which is just ending, the Province has balanced its Budget and reduced debt, even though large additional commitments have been met. During that period, as I have emphasized in each of my Budget Addresses, it was necessary to conserve our credit for the postwar years and to refrain from imposing new or increased taxation. The favourable balances which have been achieved are the result of our deferring many important works of a developmental nature. This in itself was expedient in that we were allowing our people to devote their entire energies to war effort and production. Our revenues therefore during war years are inadequate to meet the requirements of the future.

Secondly, the Fiscal Year commencing the 1st of next month and ending the 31st of March, 1947, is the first postwar year but it is not the first normal postwar year when our postwar plans will be in operation and our expenditures will be on a level with the same. The first normal year may not be until 1948 or 1949, or even later. In the year we are entering, therefore, we must raise our sights in order that we may not only play our part in liquidating the immediate economic consequences of the war but carry our programme well into the post-transition period. This has been anticipated by us. In my Budget Address of two years ago I said:

"It is inevitable that the Province of Ontario will be faced with great expenditures following the war."

Thirdly, we are presently engaged in a conference with the Dominion and the other provinces, which we fervently hope will be successful. The same very vitally affects provincial taxing powers. I commend to the Members of the House a thorough reading and study of the Brief which has been presented by your Province, as well as the Briefs submitted by the Dominion and the other provinces. The attitude of this Government is set out in the excerpt from the Brief quoted



in the Speech from the Throne. I believe that this Budget Address will further clarify the position with which Ontario is faced. A vital factor in the success of our Federal system is the strength, independence and self-reliance with which each provincial government is able to undertake its own allotted tasks.

At such a time as this it is well to look back over our history. Those who preceded us had their own successes and failures, from which experience we may benefit. History is a great teacher. We therefore have not been dogmatic. We submitted a carefully prepared and considered plan. We stated however that certain modifications might emerge. Confederation itself was brought about by an attitude of give-and-take. One has only to read the Confederation debates and contemporary speeches to see how true this statement is. The speech of the Honourable George Brown at Toronto on the 2nd of November, 1864, when he reported to the people of Ontario on the meetings at Charlottetown, Halifax, and later the Quebec Conference, is well worth considering. Brown, himself, was in many ways the most uncompromising of men. Without doubt he vehemently asserted his views to the Conference. So also did Macdonald, Cartier, Tilley, Tupper and Gray. They were strong men whose personalities are imprinted in the Act of 1867. Brown's speech referred to was a vigorous defence of the preliminary agreement and the compromises in which he had concurred in order to bring it about.

Brown himself was a strong believer in direct taxation. Some of the provinces had never employed direct taxation except in minor instances. Their revenues had been derived almost entirely from indirect taxation. Some provinces therefore preferred in giving their powers of indirect taxation to the Central Government that they should receive a subsidy which would relieve them from levying direct taxation. It was finally agreed in return for the right to levy indirect taxation that the Dominion Government should pay a subsidy based upon population, but that nevertheless the provinces should be given the right to levy direct taxation. One has only to glance at the course of events to see how sound this decision was. At the time it was stated by one of the most prominent of the Fathers of Confederation that the subsidy to be paid by the Central Government would be sufficient for all time for the local or provincial governments. Time demonstrated that Confederation could not have functioned if the provinces had not had ample financial scope. It should therefore not be said that those who seek to assure fiscal adequacy for their provinces are selfish any more than that the wise counsellors who obtained direct taxation for the provinces in 1867 were selfish. Their advice made the Union successful. So in the words of our brief: "The strength of our national structure very largely depends upon the strength, independence and self-reliance with which each provincial government is able to undertake its own allotted tasks."

While compromise and the spirit of give and take are necessary elements in the successful culmination of a conference in a county such as ours where the problems are so varied and complex, no government would be fair to its people if it imperilled their future and restricted their development, nor would it be fair to the Central Government, for as I shall show provincial undertakings have a great bearing upon national success. For our Province, we have taken an understanding, sympathetic and co-operative view of the problems of others. This spirit must be shown on all sides to bring about a successful issue. We in Ontario might take a selfish view, we might say that even if there were no agreement we could get along. This is quite true. Our position is very strong. The agreements



of 1942, which are now expiring, call for the Dominion relieving corporation and personal income taxes to a sufficient degree to permit the provinces to levy their taxes. In this event our revenue position would be quite satisfactory. We, however, with the due regard for the obligation which every government must have to the rights of the people it represents, are pressing for a settlement which shall be equally acceptable in every part of Canada and without thought of giving special advantage to those who live in our Province; therefore, in our brief, we state:

“While acknowledging that each provincial government owes its primary responsibility to the people of its own province, we fully recognize the dependence of the people of every province on the strength and vigour of the whole nation for their continuing welfare and prosperity.”

From all of the divergent views of the Fathers of Confederation emerged the great compromise which some call “the compact of Confederation”. They created a constitutional structure upon which has been built a strong and confident nation. As might be expected in the growth of a great country which expanded from ocean to ocean, strains have been put upon the Dominion and the provinces which at Confederation could not have been anticipated. The marvel is that the Fathers of Confederation built so wisely. These strains can be corrected in a spirit of co-operation, understanding and mutual goodwill and it is in this spirit that your representatives have approached the Conference. I have referred to the subsidy which some of the provinces preferred at the time of Confederation. In this day when we are considering a proposal involving the curtailment of certain of our direct taxation rights, let us have regard for the experiences of the past. With the experience at hand, it was justifiable for some of the Fathers of Confederation to conclude that the subsidies which were given in return for powers of indirect taxation would be adequate for all time for the provinces for revenue purposes. We can now, however, in the light of three-quarters of a century see how correct and sound were those who obtained for the provinces powers of direct taxation. On this point the Ontario brief reads:

“At Confederation, the provinces surrendered their rights to impose customs and excise duties, as well as other forms of indirect taxation in return for subsidies which range from nearly 50% of the provincial budgets of Ontario and Quebec to 92% of the provincial budget of New Brunswick. To-day these statutory subsidies, supplemented though they have been by automatic increases and subsequent amendments to the original agreement represent only a small fraction of provincial revenue.”

The fact is that in the Budget being presented to-day, the statutory subsidies will amount to only slightly more than 2% of the Government's revenue. The following table illustrates the growth of revenue requirements in Ontario. It will be seen later that the revenue requirements for the year 1946-47 will be even greater.

Year	Provincial Revenues	Dominion Subsidy
1868.....	\$ 2,250,207.74	\$1,196,872.80
1900.....	4,192,940.18	1,196,872.80
1905.....	6,016,176.42	1,339,287.28
1915.....	12,975,732.19	2,396,378.88
1925.....	35,852,404.28	2,642,611.68
1936.....	65,726,984.57	2,941,424.28
1945.....	117,124,346.77	3,155,007.48



It is obvious that if the powers of direct taxation had not been given to the provinces at the time of Confederation, the pact could not possibly have survived. The provinces must share in direct and progressive tax fields in such a manner as will enable them to participate in them in relation to the increasing sources of revenue which will accompany the inevitable expansion of the country. Otherwise, we would lose the safeguard which was so wisely imposed at the time of Confederation. The history of our province teaches us that with expansion and prosperity come added responsibilities and greater financial commitments which can only be met by revenue which expands in relation to the development which brings the responsibilities. The Budget forecast which I shall introduce with the explanation thereof will indicate the increasing financial obligations which will be ours in creating a greater and stronger Ontario.

In the light of what I have said, I should like the House to consider certain of our Departments and the estimates in connection therewith which I shall recommend to the House. Let us all bear in mind that if we have not the financial resources we cannot do these things. If we have the financial resources, we can keep a strong and self-reliant Province which is capable of taking part in and contributing to the development of Canada as it has done in the past.

#### LANDS AND FORESTS

For some years past, we have been spending little more than \$2 million in the Department of Lands and Forests. In 1944, we increased this amount to over \$3 million and last year to \$3,800,000.

The forest resources of Ontario belong to the people of Ontario. Eighty-five percent of all the accessible forests and lands in Ontario are still owned by the province, and they are amongst its greatest assets. Great areas of these forests upon which our wealth depends are subject to forest fires. Forest Protection, to deal with these fires, is not adequate. Reforestation needs expansion. Soil and water conservation should be developed. Any attempt at insect control is a recent development.

Let us see what Ontario's forest industry means to Ontario and to the Dominion. We have approximately 110 million acres of accessible and productive forest lands. From these, in 1943, came a gross production value in pulpwood, woodpulp and sawlogs of \$195,379,500.

Ontario's forest resources, however, provide the basis for a very great industry, that of wood and paper products, which includes pulp and paper mills, saw and planing mills and factories manufacturing paper boxes and bags, furniture, sashes and doors and such related industries as blue printing, electrotyping, publishing and book-binding.

The Dominion Bureau of Statistics gives the following relevant particulars of this industry for 1943:

Number of Establishments.....	2,932
Capital Invested.....	\$378,246,732
Total Employees.....	69,232
Total Salaries and Wages.....	\$104,022,411
Cost of Materials Used.....	\$163,594,970
Cost of Fuel.....	\$ 8,320,843
Cost of Electricity.....	\$ 4,953,038
Net Value of Products.....	\$195,379,372
Gross Value of Products.....	\$372,248,223



From this industry the Province of Ontario receives its Crown timber dues and rentals, etc., at the present of approximately \$6 million and in 1941 received a 5% corporation tax on profits which is now frozen in the subvention paid under the present Dominion Agreement. Except for this, the Dominion receives all of the corporation tax and excess profits tax, sales tax and many hidden taxes from this mighty industry.

To protect the forests from destructive agents such as fire and insects, to ensure their continuity, to provide for water and soil conservation, to greatly extend reforestation and forest management is the job of the Province of Ontario. On what we do depends sound development of the Province, employment for our people and revenues for our Governments. The protection which we have afforded is inadequate. To provide the greater protection and propagation which is required will cost money and this depends on the revenue sources of the Province. We must look forward to progressively greater appropriations for the Department of Lands and Forests. Last year we increased the appropriation by over \$600,000. This year it is planned to provide increased fire protection by way of planes, new trucks and mechanical equipment, portable pumps, fire hose and personnel. Two new fire districts are being added making fifteen in Ontario. Insect control, conservation and reforestation measures are being enlarged. To do these things we are increasing the appropriation of the Department by \$1,200,000, making the appropriation this year \$5,000,000. We plan to progressively expand and improve our services for this great and valuable natural resource.

#### RURAL HYDRO-ELECTRIC EXTENSION

During the past year, the Government announced a great plan to electrify rural Ontario insofar as it was economically practicable. During 1944, the Hydro-Electric Power Commission was able to resume extensions of rural service on a moderate scale. A total of 400 miles of primary lines, chiefly through short extensions to existing lines, were actually constructed, and service given to about 10,000 new customers. In 1945, 1,073 additional miles were constructed with a net increase in the number of consumers receiving service of 11,420. For the year 1946, it is planned to construct approximately 2,058 miles of new extensions serving 7,250 new customers. To this it is expected there will be added on existing lines approximately 15,500 additional customers, making in all a total for the year of 22,750 new services. This will require an expenditure of over \$8 million. If this work is to be done the Province must pay 50% of the cost. Agriculture is Ontario's largest industry. Its improvement and expansion is sound and necessary. The Government has therefore appropriated for rural Hydro extensions the sum of \$4,150,000 to extend the blessings and benefits of Hydro to our rural communities.

#### GAME AND FISHERIES

The value of wild life in the Province is twofold. Commercial fishing and the taking of pelts of fur bearing animals is a considerable industry. There is, however, additionally a value to the Tourist Industry which is impossible to estimate. Great quantities of fish and game are taken by sportsmen in accordance with the laws of the Province. Money spent on protection and conservation, as well as on biological methods and fish culture, produces an immense return to the Province far in excess of any royalties or licenses which are received. Con-



servationists for years have asserted that our services are inadequate. This Government has recognized this fact. Last year the estimates of the Department were increased by \$100,000 and the amount voted was \$751,400. This year, in a plan to progressively increase our conservation and propagation services, the estimates of this Department are being increased to \$1,092,000, both ordinary and capital.

### EDUCATION

The new basis for the payment of general legislative grants for elementary, secondary and vocational schools became fully effective in 1945. The following table shows the increases that have taken place in educational grants:

	1942	1943	1944*	1945†
Elementary . . . . .	\$5,445,700	\$5,993,623	\$6,511,522	\$17,645,779
Secondary . . . . .	916,457	921,462	1,004,610	5,734,962
Vocational . . . . .	2,082,109	1,436,739	1,541,083	2,996,434
	<hr/>	<hr/>	<hr/>	<hr/>
Total . . . . .	\$8,444,266	\$8,351,824	\$9,057,215*	\$26,377,175†
	<hr/>	<hr/>	<hr/>	<hr/>

\*In addition, a special one mill subsidy for educational purposes amounting to \$3,064,076 was paid to municipalities through the Department of Municipal Affairs.

†These figures are for the period April 1st, 1945, to January 31st, 1946, but also include grants paid from Supplementary Estimates of 1944-45 of \$8,799,150.00.

In addition to the legislative grants the government has adjusted the teachers' and inspectors' superannuation fund rates, resulting in an increased contribution by the individuals and the government. The increased amount on the part of the government in the new fiscal year would result in an additional \$450,000 per annum. The result of this change has been to raise the minimum teacher's pension from \$365 to \$500, increase the maximum pension from \$1,250 to \$1,500 and lower the years of teaching required for full pension from 40 to 36, also to raise pensions to a basis of 60% of the average salary for the last 10 years instead of the former 50%.

As is well known, the government, in co-operation with the Dominion and Universities, has provided extensive facilities for the training of ex-service men. The estimates of the Department of Education will be found to provide for the normal expansion of educational services required in the province. They indicate increasing emphasis upon audio-visual aids in teaching, summer camps for boys and girls and provincial scholarships. The Universities' Adult Educational Board of Ontario, established last year, has begun to function and is expected to conduct a vigorous, province-wide programme. The grants for Public Libraries will be substantially increased in recognition of their importance in an over-all educational plan.

For the coming fiscal year the Government is appropriating for Education the sum of \$32,371,607.68, to which will be added \$5,800,000 distributed from the surplus of 1945-46, making a total appropriation for Education for 1946-47 of the huge sum of \$38,171,607.68. This sum exceeds the comparable appropriation for the year 1945-46 by no less than \$3,980,439.25.



## AGRICULTURE

The Ontario farmer has made a notable contribution to the campaign to feed a hungry world. The following table records some of Ontario's contribution for 1945:

Hogs.....	1,900,000 head
Sheep and Lambs.....	268,000 head
Butter.....	80,367,000 lbs.
Cheese.....	115,105,000 lbs.
Fluid Milk.....	1,557,025,000 lbs.
Concentrated and Condensed Milk.....	337,135,000 lbs.

The continuation of the Government subsidies on cheese, hogs, sugar beets and other agricultural products amounting to over \$3,600,000 no doubt played a great part in stimulating this production. These subsidies are to be continued throughout the next fiscal year in order to encourage and augment production of vital foodstuffs required for export to Britain and throughout the world.

The needs of the farm settlers in Northern Ontario have been given special attention during the year. Improvement of marketing facilities for northern farmers, so as to make readily available to them their own markets in the mining areas and lumber camps, has been undertaken. A potato grading and storage warehouse at Cochrane has been put in operation with the assistance of the government. Co-operative facilities at New Liskeard have been extended. Readily available veterinary services are in operation in several districts and the services are being extended. Assistance is also being given to farmers in the improvement of the quality of their livestock and farm products generally. Loans have been made to co-operative associations to provide for the extension of creameries, cheese factories and storage facilities. Residential short term courses are being given to the farm boys in the Northern Clay Belt at the Experimental Farm at Kapuskasing where board and lodging is provided free.

Measures are also being put into effect which will greatly assist in the development of northern agriculture. One of the chief difficulties is that of securing adequate drainage and a rapid clearing of the land so as to enable settlers to clear quickly a sufficient acreage on which to farm economically and support their families. The Department has developed plans whereby a pool of large scale drainage and land clearing machinery will be placed at the disposal of farm settlers so that they will be provided with drainage outlets and will also be enabled at nominal cost to clear sections of their holdings in a comparatively short space of time and thus become self-supporting farmers more rapidly. These measures, it is confidently expected, will increase farm population of Northern Ontario. For this purpose, the sum of \$1 million has been placed in the Estimates.

As a further aid in the marketing of farm products, plans have been completed for the construction and operation of the Ontario Food Terminal located in the Toronto area.

To provide for this great increase in services to the farmers of Ontario, the estimates of the Department of Agriculture are being increased by about \$1,750,000. The total appropriation for the Department for the coming year will be \$7,857,349.26.



### DEPARTMENT OF THE ATTORNEY-GENERAL

The administration of justice is a function of the Provincial Government. One of the pressing needs is more adequate police protection, particularly in the rural and less populous areas. The Department is about to extend the use of scientific methods in the preventing and combatting of crime and to that end \$500,000 is being added to the estimates to provide for 3-way short wave radio appliances, the use and particulars of which will be explained to the House by the Attorney-General in due course. The estimates of the Department are this year being increased from \$3,600,000 to \$4,500,000.

### DEPARTMENT OF HEALTH

There are two outstanding items included in the Health Department's Estimates for the coming year.

Firstly is the assistance being given to public general hospitals to provide for the increased cost of maintenance. Studies which have been conducted by the Department in relation to health insurance and services make it perfectly clear that any expansion of these services is dependent upon the capacity of our hospitals. As a preliminary to increased hospital accommodation it was felt that steps should be taken to place existing hospitals on a paying basis. A large additional sum is being placed in the Estimates to provide for increased contributions to public ward beds.

Secondly, pre-natal examinations are to be provided in Ontario for expectant mothers at a total cost of \$500,000. The purpose of this measure is to give tangible evidence of the interest of this Government in the promotion of early and sustained contact between the expectant mother and her physician, with the expectation that such contact will uncover any possible evidence of diseases in the mother in time to initiate the needed treatment and thus ensure the birth of a healthy child.

The Estimates of the Department for the coming year are increased by \$3,028,200, making a total appropriation of \$15,372,390.

### PUBLIC WELFARE

Increased appropriations are being made for youth and child welfare and for the increase in the number of Old Age Pensions. The estimates of the Department are accordingly being increased by approximately half a million dollars and for the coming year will be \$14,157,638.

### TRAVEL AND PUBLICITY

The Tourist Industry will play an increasingly important part in Ontario's economy. In 1938, Canada's credit balance of international payments amounted to \$184 million of which it is estimated over 78% was due to the tourist trade. For several years the tourist gains neutralized the unfavourable balance of trade which Canada had with the United States. It is estimated that in the past this industry has brought to Ontario more than \$100 million a year and in the future will bring more. It has created new wealth for our people. Revenues from this source have accrued to the various Government departments and particularly



to the Dominion Treasury which must have received vast sums indeed in the form of income and corporation tax, sales tax and numerous other hidden indirect taxes. A survey made by the Babson Institute in 1940 showed that the tourist dollar was spent in this way:

Retail stores.....	25c.
Restaurants.....	22c.
Hotels and camps.....	17c.
Gasoline stations.....	12c.
Theatres and amusements.....	9c.
Transportation.....	7c.
Confectionery and roadside stands.....	5c.
Incidentals.....	3c.

In 1945, 553,720 cars entered Ontario despite wartime conditions. This was 64% of the total number of cars entering Canada. The great possibilities of this industry have been recognized by the Government in the creation of a Travel and Publicity Department. This department is in the process of organization. For the first year, it is being allotted an appropriation of \$150,000.

#### DEPARTMENT OF MINES

The extent to which strong and self-reliant provinces can contribute to the stability of our national structure is amply demonstrated by the Ontario metal mining industry. Our attention has recently been focused upon the obligations which the Province has to this industry, by the announcement of the building of the Red Lake Road which will cost something in the neighbourhood of \$3 million. This is but an initial step in road expansion and development work in northern Ontario and particularly in mining areas. As a prelude to mining development come government geological work and mapping. With the development of the area come roads, schools, public buildings, administration of justice and the numerous things to which the Provincial Government must contribute. I point out to the House that the mining industry in Northern Ontario is on the verge of the greatest expansion in its history. Diamond drills are working throughout the whole of the north country. New mines producing new wealth will come into production in regions where there is presently no habitation, provided we give the necessary encouragement by way of roads and other facilities. These developments cannot take place unless the Provincial Government has the necessary financial resources to enable it to furnish those facilities requisite for the prosecution of the developmental work by private and venture capital. I commend to the Members of the House the reading of the Report of the Royal Ontario Mining Commission appointed by this Government, the report of which was published in 1944. The Report finds that, for the period 1907-1942 which omits the very heavy wartime taxes, the metal mining industry paid the sum of \$214,974,977 in taxes to the Dominion, Provincial and Municipal Governments. This sum was provided as follows:

Dominion taxes, which were used by the Dominion all over Canada.....	\$163,306,885.00
Province of Ontario taxes, including Provincial Cor- poration Tax and mining royalties, a share of the latter being given to the municipalities.....	48,538,959.00
Municipal taxes.....	3,129,133.00



In addition to the foregoing figures, the Dominion Government collected by way of income tax on dividends paid by the mining companies a total exceeding \$35 million. All of Ontario's share of the taxes and more was spent in Northern Ontario on roads, schools, public buildings, administration of justice and the building of the T. & N.O. Railway which was largely instrumental in creating some of the greatest of our mining camps. Additionally the Provincial Government has maintained the Department of Mines which has provided geological and mapping services and mining reports which are unequalled anywhere. The Province's outlays have encouraged a great industry which in 1941 employed directly wage earners and salaried employees numbering 33,546. The Report estimates that indirectly approximately 450,000 or more than 11% of the population of Ontario are partially dependent on the mining industry for their livelihood. Again I say that this is an example of how a strong, self-reliant Province pulls its weight in the national economy.

What is being done for mining by the government is not reflected in the expenditure of the Mines Department alone. In the estimates for the Department of Highways are great sums this year for the building of mining and development roads. The estimates of the Department of Education provide for better educational facilities in the mining areas. Every department of the Government, to a greater or lesser extent, is contributing services to this industry.

In the Mines Department alone, plans for greater services have been made. Just as rapidly as qualified men can be obtained, they are being engaged by the Department. It is planned, through the Department of Mines, to give the industry every technical and scientific assistance possible, in aerial surveys, mapping, geological work and last but not least in the training of young prospectors who will in the future, as in the past, play a most important and essential part in mining development. It will interest the House to know that at the present time some 250 young men, mostly returned veterans, are undergoing training at the Lakehead, Haileybury and in Toronto equipping themselves to become trained and efficient prospectors. Omitting the amount devoted to the lignite experiment, last year the estimates of the Department of Mines were \$444,000. This Department is being given \$106,000 more this year, which will bring the appropriation, omitting lignite, to \$550,000.

#### HIGHWAYS DEPARTMENT

Earlier in this Budget presentation, mention was made of the fact that, due to a relaxation of wartime restrictions and the availability of labour and materials, the Department of Highways had done in excess of \$5 million of work in this year because of the necessity of doing maintenance and protective work. For the last six years little highway work has been done except essential maintenance. During this period, however, the Department of Highways laid plans for a renewal of activities as soon as conditions permitted. The development of this vast province is very much dependent upon our highways. Reference has been made to this when discussing the Department of Mines. What was said there is equally applicable to the development of our forest industry, agriculture and tourist trade. We cannot stand still, we must go ahead. The time has come when we can no longer delay very extensive maintenance work in Ontario and it is equally necessary and desirable that we should now proceed to extend our highway system. To that end, after full consideration, the Government has appropriated for the Department of Highways \$20 million in capital and \$26,837,800 on ordinary account, making in all in excess of \$46 million.



### PUBLIC WORKS

The termination of the war has brought added responsibility in providing for the many demands being made on the Province. The return of institutions loaned to the Dominion for war purposes has meant that the buildings involved require to be repaired and altered to make them of use for provincial purposes. Some of this work has been done and in other cases the process of restoration is in progress. Pressing requirements are the extension of the Guelph Agricultural College to provide for the accommodation of discharged service personnel and the erection of a new chemistry building. Very necessary extensions to our mental hospitals are also urgently needed. A large programme of new construction will be required for a number of years to meet the needs of expanding services.

The Government is anxious, however, not to compete with private housing or with the reconversion of civil industry. The shortage of labour and materials is very acute. Accordingly only the most urgent items will be commenced during the next fiscal year and the work undertaken will be developed in accordance with conditions prevailing in the construction industry. Last year, the sum of \$1,391,500 on Capital and Ordinary Account was appropriated for this Department. This year, the estimates will be increased to \$1,256,475 on Ordinary Account and \$3,500,000 on Capital Account, making a total appropriation in excess of \$4,700,000.

### DEPARTMENT OF MUNICIPAL AFFAIRS

While the appropriations for the Department of Municipal Affairs will be practically the same as last year, at this time I am pleased to be able to announce that in addition to the large grants to be made for primary, secondary and vocational education, as indicated in the Estimates of the Department of Education, provision has been made in the Estimates of the Department of Municipal Affairs to pay the one mill subsidy as formerly. This item represents an expenditure of some three million dollars.

### PLANNING AND DEVELOPMENT

The Department of Planning and Development was set up as a planning and co-ordinating department. It was never the purpose that this Department should be an active spending department. Its function is to give consideration to the whole problem of reconstruction as it affects this province. It has carried out investigation and surveys in all lines of development of our natural resources, in town planning and industrial expansion. The resulting recommendations that have been made by this department are reflected in the activities of the administrative departments and which have been outlined in this address. The spending and administrative departments of the Government will have to devote large sums in the post-war years for the fullest development of the Province in all of its aspects. The Department of Planning and Development is by co-ordination and research laying the foundations for a soundly expanding economy.

Last year the sum of \$100,000 was appropriated for this Department. This year the sum of \$225,000 is being appropriated.

From the statements of revenues forecast for the coming fiscal year, it will be noted that I intend to introduce no new taxes. This is a matter of carefully considered Government policy. We are following as in the previous year the



policy of leaving the way entirely clear for the Dominion-Provincial Conference. Therefore, we are doing nothing which might interfere with an agreement satisfactory to all. We are, however, making changes in two of our taxing statutes, namely, The Mining Tax Act and The Succession Duty Act which changes are designed to bring them into conformity with the requirements of a progressive and developing province. I shall deal with them immediately.

### THE MINING TAX ACT

Under Section 109 of the British North America Act, 1867, the mineral resources of Ontario belong to the Crown in the right of the Province. By reason of our system of land grants under The Mining Act and under The Public Land Act, mineral rights may be alienated from the Crown and thus eliminate them from the possibility of prospecting and developing. For the purposes of securing the reversion of dormant mining lands to the Crown, it is proposed to increase the acreage tax from 5c. to 10c. per acre and to extend the scope of the acreage tax to include mining lands within organized mining municipalities and improvement districts. The effect of these amendments will be to retain in the Crown an interest and control of mineral rights.

### THE SUCCESSION DUTY ACT

The amendments which will be introduced are designed to achieve the following objects:

1. *To afford the subject access to the Courts for the determination of values under the Act.*

This will be done by repealing the provisions for the non-reviewable determination by the Treasurer of the value of unlisted securities, at the same time retaining the measure of value of listed securities as being the stock market quotations. Provision, however, is being made that where the Treasurer is of the opinion that, either by design or force of circumstances, the stock quotations do not truly indicate the marketable value of securities, then the whole question of their value may be ascertained by the Courts.

2. *To exempt life insurance where the insured died domiciled outside Ontario.*

This amendment removes a discrimination against insurance purchased from life insurance companies whose head offices are in the Province of Ontario and brings our statute in line with all other jurisdictions.

3. *To reduce the period within which gifts inter vivos will be subject to succession duty.*

This amendment corrects what has been recognized and admitted on all sides of the House to be an injustice. The present periods specified in the Act are twenty years prior to death in the case of certain members of the family and thirty years in all other cases. This in itself is illogical. The periods are quite out of line with comparable jurisdictions in Canada. Accordingly, the gift period will be reduced to five years which brings our tax action in line with other provinces.



4. *To clarify the Act respecting impost of duty in light of recent judicial interpretations.*

Certain administrative difficulties have arisen where the testator by will has provided for the payment of duty out of the estate. It will be observed that such a provision amounts to an additional benefit to the beneficiaries thus relieved. These difficulties have been further complicated by litigation on the subject.

The purpose of the amendment is to give full effect to such directions in the will without thereby altering the impost of duty beyond what it would have been if there had been no such direction.

5. *To permit an allowance for duty paid in other jurisdictions and so avoid duplicate taxation.*

In 1944, we made an agreement with our sister Province of Quebec designed to eliminate the evils of duplicate duty. At the same time we extended to the Province of Nova Scotia like consideration. The amendment to be introduced will provide for the extension by Order-in-Council of the provisions of the Act whether or not other jurisdictions have made an agreement with the Province of Ontario. The purpose of the amendment is to save the taxpayers of Ontario from the burden of double and sometimes triple succession duty on the same property because of having to pay duty in some jurisdiction outside of Ontario on properties situate there. Where that is the case, the amendment will provide for an allowance from the Ontario duty of the duty paid in any other province or country specified by the Lieutenant-Governor in Council. This removes an injustice to our taxpayers which will have far-reaching and eventually beneficial results to the treasury of the Province of Ontario.

6. *There will also be some minor amendments of an alleviatory nature.*

Before I table the Budget forecast for the next fiscal year, I assure the House that the Government has given careful consideration to the problems with which our Province is confronted and is satisfied that the course which is being taken is thoroughly sound and will receive the approval of our people. The past two Budget speeches clearly indicate that the Government has contemplated a period of adjustment in our taxing system. With that in mind we have carefully and prudently budgeted and operated to keep in a surplus position. For reasons stated, it is inexpedient to increase or levy new taxes. On the other hand, it is wholly desirable and indeed imperative that in this period of readjustment the Province should go forward on the great path of progress which is indicated before us. With your permission I shall now place on the records of the House the Budget Forecast of Ordinary Revenue, Ordinary Expenditure, Capital Receipts, Capital Payments and Summary for the fiscal year April 1st, 1946, to March 31st, 1947, and to forecast a deficit on Ordinary Account of \$21,065,694.35. I also forecast a consequent substantial increase in the Gross Debt of the Province.



## BUDGET FORECAST OF ORDINARY REVENUE

FISCAL YEAR APRIL 1, 1946—MARCH 31, 1947

DEPARTMENT	Gross Ordinary Revenue	Application of Revenue to Expenditure	Net Ordinary Revenue
AGRICULTURE.....	\$ 589,875.00	\$ .....	\$ 589,875.00
ATTORNEY-GENERAL.....	1,161,975.00	244,800.00	917,175.00
EDUCATION.....	80,000.00	.....	80,000.00
GAME AND FISHERIES.....	1,507,500.00	.....	1,507,500.00
HEALTH.....	1,875,050.00	18,200.00	1,856,850.00
HIGHWAYS:			
Main Office and Branches.....	10,000.00	.....	10,000.00
Gasoline Tax Branch.....	27,400,000.00	.....	27,400,000.00
Miscellaneous Permits Branch.....	90,000.00	.....	90,000.00
Motor Vehicles Branch.....	9,500,000.00	.....	9,500,000.00
	<u>\$ 37,000,000.00</u>		<u>\$ 37,000,000.00</u>
INSURANCE.....	\$ 211,000.00	.....	\$ 211,000.00
LABOUR.....	127,300.00	6,000.00	121,300.00
LANDS AND FORESTS.....	7,060,000.00	.....	7,060,000.00
LEGISLATION.....	9,700.00	.....	9,700.00
MINES.....	1,186,085.00	7,000.00	1,179,085.00
MUNICIPAL AFFAIRS.....	24,600.00	.....	24,600.00
PROVINCIAL SECRETARY.....	1,502,000.00	608,000.00	894,000.00
PROVINCIAL TREASURER:			
Main Office—Subsidy.....	3,155,007.48	.....	3,155,007.48
Interest.....	71,229.86	.....	71,229.86
Liquor Control Board.....	20,000,000.00	.....	20,000,000.00
Controller of Revenue:			
Succession Duty.....	12,000,000.00	.....	12,000,000.00
Corporations Tax Subvention.....	20,960,450.85	.....	20,960,450.85
Income Tax Subvention.....	6,901,037.95	.....	6,901,037.95
Corporations Tax.....	1,000,000.00	.....	1,000,000.00
Income Tax.....	200,000.00	.....	200,000.00
Race Tracks.....	2,250,000.00	.....	2,250,000.00
Security Transfer Tax.....	1,000,000.00	.....	1,000,000.00
Land Transfer Tax.....	600,000.00	.....	600,000.00
Law Stamps.....	400,000.00	.....	400,000.00
Motion Picture Censorship and Theatre Inspection Branch.....	179,000.00	.....	179,000.00
King's Printer—Ontario Gazette.....	13,500.00	.....	13,500.00
Province of Ontario Savings Office.....	333,800.00	333,800.00	.....
	<u>\$ 69,064,026.14</u>	<u>\$ 333,800.00</u>	<u>\$ 68,730,226.14</u>
PUBLIC WORKS.....	39,000.00	3,000.00	36,000.00
MISCELLANEOUS.....	100,000.00	100,000.00	.....
PUBLIC DEBT—Interest, etc.....	6,284,300.00	6,284,300.00	.....
Foreign Exchange.....	548,500.00	548,500.00	.....
	<u>\$128,370,911.14</u>	<u>\$8,153,600.00</u>	<u>\$120,217,311.14</u>



## BUDGET FORECAST OF ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1946—MARCH 31, 1947

DEPARTMENT	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Net Ordinary Expenditure
AGRICULTURE.....	\$ 7,857,349.26	\$.....	\$ 7,857,349.26
ATTORNEY-GENERAL.....	4,500,000.00	244,800.00	4,255,200.00
EDUCATION.....	32,371,607.68	.....	32,371,607.68
GAME AND FISHERIES.....	900,000.00	.....	900,000.00
HEALTH.....	15,372,390.00	18,200.00	15,354,190.00
HIGHWAYS.....	26,837,800.00	.....	26,837,800.00
INSURANCE.....	75,300.00	.....	75,300.00
LABOUR.....	545,101.55	6,000.00	539,101.55
LANDS AND FORESTS.....	5,000,000.00	.....	5,000,000.00
LEGISLATION.....	285,475.00	.....	285,475.00
LIEUTENANT-GOVERNOR.....	10,200.00	.....	10,200.00
MINES.....	575,000.00	7,000.00	568,000.00
MUNICIPAL AFFAIRS.....	3,379,894.00	.....	3,379,894.00
PLANNING AND DEVELOPMENT.....	225,000.00	.....	225,000.00
PRIME MINISTER.....	326,905.00	.....	326,905.00
PROVINCIAL AUDITOR.....	138,000.00	.....	138,000.00
PROVINCIAL SECRETARY.....	2,813,975.00	608,000.00	2,205,975.00
PROVINCIAL TREASURER.....	1,848,695.00	333,800.00	1,514,895.00
PUBLIC WELFARE.....	13,157,638.00	.....	13,157,638.00
PUBLIC WORKS.....	1,256,475.00	3,000.00	1,253,475.00
TRAVEL AND PUBLICITY.....	150,000.00	.....	150,000.00
MISCELLANEOUS.....	100,000.00	100,000.00	.....
	<u>\$117,726,805.49</u>	<u>\$1,320,800.00</u>	<u>\$116,406,005.49</u>
PUBLIC DEBT—Interest, etc.....	24,843,500.00	6,284,300.00	18,559,200.00
Foreign Exchange.....	1,433,000.00	548,500.00	884,500.00
Sinking Fund Instalments and Railway Aid Certificates.....	5,433,300.00	.....	5,433,300.00
	<u>\$149,436,605.49</u>	<u>\$8,153,600.00</u>	<u>\$141,283,005.49</u>

## BUDGET FORECAST OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1946—MARCH 31, 1947

DEPARTMENT	Gross Capital Receipts	Application of Receipts to Payments	Net Capital Receipts
AGRICULTURE.....	\$ 3,000.00	\$.....	\$ 3,000.00
HIGHWAYS.....	5,000.00	.....	5,000.00
LABOUR.....	1,200,000.00	.....	1,200,000.00
LANDS AND FORESTS.....	190,000.00	.....	190,000.00
MINES.....	75,000.00	.....	75,000.00
PRIME MINISTER.....	1,675,000.00	.....	1,675,000.00
PROVINCIAL TREASURER.....	14,738,400.00	.....	14,738,400.00
PUBLIC WELFARE.....	14,087,800.00	14,087,800.00	.....
	<u>\$31,974,200.00</u>	<u>\$14,087,800.00</u>	<u>\$17,886,400.00</u>



BUDGET FORECAST OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1946—MARCH 31, 1947

DEPARTMENT	Gross Capital Payments	Application of Receipts to Payments	Net Capital Payments
AGRICULTURE.....	\$ 200,000.00	\$ .....	\$ 200,000.00
GAME AND FISHERIES.....	192,000.00	.....	192,000.00
HIGHWAYS.....	20,000,000.00	.....	20,000,000.00
LABOUR.....	1,200,000.00	.....	1,200,000.00
PRIME MINISTER.....	985,000.00	.....	985,000.00
PROVINCIAL TREASURER.....	6,251,000.00	.....	6,251,000.00
PUBLIC WELFARE.....	14,087,800.00	14,087,800.00	.....
PUBLIC WORKS.....	3,500,000.00	.....	3,500,000.00
	<u>\$46,415,800.00</u>	<u>\$14,087,800.00</u>	<u>\$32,328,000.00</u>

SUMMARY

BUDGET FORECAST

Fiscal Year April 1, 1946—March 31, 1947

Net Ordinary Revenue.....	\$120,217,311.14
Less: Net Ordinary Expenditure (before providing for Sinking Funds and Maturing Railway Aid Certificates).....	135,849,705.49
Deficit (before providing for Sinking Funds and Railway Aid Certificates).....	\$ 15,632,394.35
Add: Provision for Sinking Funds.....	\$5,415,000.00
Railway Aid Certificates.....	18,300.00
Deficit Forecast.....	<u>\$ 21,065,694.35</u>



No discussion of our financial position would be complete did we fail to take into account the question of the debt of the Province. In the past two Budget presentations, emphasis has been placed upon the desirability of avoiding an increase in the Public Debt during the war years. In this we have been eminently successful; in fact, there has been a reduction in the Net Debt by some \$27,400,000 during the last four years.

In the Budget Address of March 16th, 1944, I gave a very comprehensive statement of our debt position and at the same time outlined a general debt retirement plan which might be adopted on the termination of the Dominion-Provincial Tax Agreements. In preparation for such a plan, refundings during the past three years have been on a serial basis. As our debt became due, part was paid off from revenues and the balance refunded at lower rates of interest and, as I have said, on a serial plan of maturity. Provision will thus be made for the annual retirement of a certain amount of our old debt out of surplus revenues and the repayment of new debt on a serial basis, within the life of the works for which the debt was created. This plan which we have adopted and which we propose to follow, fits in with the course we are charting and is being taken very fully into our calculations.

1. We have placed in the Estimates for debt retirement purposes, the sum of \$5,433,300 as being a charge against Ordinary Revenue for the coming fiscal year. This sum is deemed to be adequate provision for the amortization of the present Net Debt of the Province if continued for a given period of years. As for new debts which may be created during the coming year, it is my intention that provision will be made in the ordinary course in the Budget for the following year to provide for their retirement on a serial plan, during the lifetime of the works for which they were incurred.

2. With regard to the deficit which will be created on Ordinary Account, it is the intention of the Government on the termination of the Dominion-Provincial Conference to overtake this deficit from future Ordinary Revenues of the Province.

I assert and emphasize for the information of honourable Members of this Assembly that the financial position of the Province of Ontario is very strong. This grand old Province has been capable of paying, and has paid upwards of one-half of all Dominion taxes and revenues. The sum total of our own taxes, which go towards carrying out provincial undertakings, including education and other human services and the great developmental schemes of the Province which I have described, are only a small fraction of the amount contributed by the taxpayers of Ontario to the Dominion Exchequer.

I have stated our reasons for confidence in the successful outcome of the Dominion-Provincial Conference and our reasons for hoping and working to this end. I give, however, a definite pledge that whatever may be the result of the Conference, we shall proceed with a programme to provide the funds necessary for carrying on the great undertakings of this Province and to balance our Budget.

Mr. Speaker: We are emerging from the initial phase in the development of those long-term policies laid down in 1943 by those who now form this Government: policies formulated and announced to the people of Ontario whose confidence we sought and whose trust we have been accorded. On the threshold, as we now are, of the second stage of development, we declare our intention of



abiding by those announced principles of public policy. We do resolve to discharge with unremitting zeal the responsibilities placed upon us by the people whose servants we are. Our policies are designed to make for a great contribution by Ontario towards national steadiness, stability and expanding progress.

We claim that the measures we propose to adopt possess that virility, that force and character which will assuredly carry this Province forward to periods of ever-increasing prosperity for all. While we invite criticism—constructive and sincere criticism—we ask for co-operation. May all of us unitedly invoke those measures which will assure to all our people the full fruits of our abundant resources! Let us think—not merely in terms of money value—not in columns of figures and decimals and statistics—but in terms of human values, of people, of development, of an abundant and peaceful countryside.

In entering upon this period of great development, our spirit must not flag even though after years of war many may be weary. Before us lies the greatest opportunity ever given to a people—an opportunity which has been saved for us at great price. Now as never before is needed the same spirit which brought us through the wilderness of war, but now, to be devoted to the peaceful development of a goodly heritage. At this turning point in our history we need all our courage, enthusiasm and energy for the great and inspiring task which is before us.

We have turned to the lessons of history—to the experience of our fathers who so well laid the foundation of our Dominion. At this time when we survey the greatness and the possibilities of our country we are reminded of the words of a leader of other times who encouraged his people with the description of a land which was to be theirs. These words taken from the book of Deuteronomy are a matchless passage in our language. They might well refer to the opportunity which awaits but the creative spirit of our people.

**“For the Lord thy God bringeth thee into a good land, a land of brooks of water, of fountains and depths that spring out of valleys and hills; a land of wheat, and barley, and vines, and fig trees, and pomegranates; a land of oil olive, and honey; a land wherein thou shalt eat bread without scarceness, thou shalt not lack any thing in it; a land whose stones are iron, and out of whose hills thou mayest dig brass. When thou hast eaten and art full, then thou shalt bless the Lord thy God for the good land which He hath given thee.”**



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## STATEMENT No. 1

## THE PROVINCE OF ONTARIO SAVINGS OFFICE

Balance Sheet as at March 31st, 1945

## ASSETS

Cash: On hand.....	\$512,055.56	
In banks .....	690,498.47	
	<u>\$ 1,202,554.03</u>	
Deposited with the Provincial Treasurer.....		41,697,903.07
Miscellaneous Accounts Receivable.....		2,176.98
Furniture and Fixtures—Cost.....	\$ 128,315.74	
Less: Reserve for Depreciation.....	106,337.60	
	<u>21,978.14</u>	
Alterations to Premises—Cost.....	\$ 23,665.16	
Less: Written off.....	11,395.08	
	<u>12,270.08</u>	
		<u>\$42,936,882.30</u>

## LIABILITIES

Depositors' Funds—		
Current.....	\$42,609,530.43	
Unclaimed.....	34,068.77	
	<u>\$42,643,599.20</u>	
Surplus .....		293,283.10
		<u>\$42,936,882.30</u>



## STATEMENT No. 2

## Analysis of Budgeted Gross Revenue

Fiscal Year 1946-47

## DOMINION GOVERNMENT:

Annual Subsidy.....	\$3,155,007.48		
Interest—Common School Fund.....	71,229.86		
Corporation Tax.....	20,960,450.85		
Income Tax.....	6,901,037.95		
		\$31,087,726.14	24.217%

## TAXATION:

Gasoline Tax.....	27,400,000.00		
Corporation Tax.....	1,000,000.00		
Income Tax.....	200,000.00		
Race Tracks.....	2,250,000.00		
Succession Duty.....	12,000,000.00		
Mining Tax.....	885,000.00		
Fire Marshal's Tax.....	75,000.00		
Provincial Land Tax.....	175,000.00		
Security Transfer Tax.....	1,000,000.00		
		44,985,000.00	35.043%

## ROYALTIES, DUTIES AND DUES:

Bonus and Timber.....	\$ 6,000,000.00		
Game and Fisheries.....	172,000.00		
Sand and Gravel.....	40,000.00		
		6,212,000.00	4.839%

## LICENSES AND PERMITS:

Motor Vehicles.....	\$ 9,500,000.00		
Game and Fisheries.....	1,284,350.00		
Garage, Gas Pumps, etc.....	90,000.00		
Marriage.....	95,000.00		
Theatres, etc.....	80,000.00		
Miners.....	60,000.00		
Insurance Act.....	195,200.00		
Loan and Trust Corporations Act.....	9,935.00		
Other Licenses and Permits.....	16,360.00		
		11,330,845.00	8.827%

## FEES:

Law Stamps.....	\$ 400,000.00		
Letters Patent and Supplementary Letters Patent.....	140,000.00		
Companies Act (Incorporation Returns and Registrar's Fees).....	24,500.00		
Legislation (Private Bills).....	6,700.00		
Court and Legal (Police Magistrates, Local Masters, Local and Surrogate Registrars, Crown Attorneys, Sheriffs, Division Court Clerks, Bailiffs and Witnesses).....	396,475.00		
Registry Office and Land Transfer.....	600,000.00		
Brokers and Salesmen, Real Estate Brokers and Salesmen.....	148,500.00		
Censorship.....	99,000.00		
Vital Statistics (Certificates, Searches, etc.).....	106,000.00		
Mines and Mining (including Fees of Operators).....	106,500.00		
Public Health (Laboratories and Nurses' Registration, T.B. Prevention X Ray Service, Industrial Hygiene X Ray Service)...	97,000.00		
Tuition Fees (Agricultural Schools and Colleges and Training Schools).....	131,365.00		
Apprenticeship Board, Boiler Inspection, Operating Engineers and Composite Inspection Branch.....	89,850.00		
Other Fees.....	139,920.00		
		2,485,810.00	1.936%

## FINES AND PENALTIES:

Police Magistrates.....	\$ 179,300.00		
Other.....	22,900.00		
		202,200.00	.157%

## PROFITS FROM TRADING ACTIVITIES:

Liquor Control Board (Profits, Fines, Licenses, etc.).....		20,000,000.00	15.580%
--	--	---------------	---------

## AGRICULTURE AND PUBLIC DOMAIN:

Rentals—Crown Leases and Licenses of Occupation.....	\$ 740,000.00		
Rentals—Parks and Beaches, etc.....	51,600.00		
Rentals—Mining Leases and Licenses of Occupation.....	45,000.00		
		836,600.00	.652%

## REPAYMENTS:

Sulphur Fumes Arbitrator.....	\$ 7,000.00		
Savings Offices.....	333,800.00		
Public Trustee.....	171,600.00		
Official Guardian.....	49,100.00		
Accountant—Supreme Court of Ontario.....	24,100.00		
Long Lac Diversion.....	20,400.00		
Federal Government re Statistics and National Index.....	64,000.00		
		670,000.00	.522%

## SALES OF MATERIAL:

Produce, Live Stock, Equipment.....		1,296,330.00	1.010%
RENT BOARD, MAINTENANCE OF PATIENTS, ETC.....		2,080,207.00	1.620%
MISCELLANEOUS.....		351,393.00	.274%
INTEREST—Public Debt, etc.....		6,832,800.00	5.323%

\$128,370,911.14 100.000%



## STATEMENT No. 3

## STATEMENT SHOWING SURPLUS OR DEFICIT

For the Period from July 1st, 1867 to March 31st, 1946

	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.....	118,096,683.51	106,780,714.54	11,315,968.97	
" " " " " 1945.....	117,124,346.77	116,248,976.56	875,370.21	
" " " " " ***1946.....	136,348,400.00	136,096,400.00	252,000.00	

\*\*\*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
1944.....	666,528,000	38,336,000	105,150,000	30,208,000	48,676,000
1945.....	646,484,000	20,044,000	95,475,000	30,208,000	40,492,000

\*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.  
 d " " Bureau of Statistics and Research, 1945.

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



## STATEMENT No. 4

## OF ONTARIO

## and Net Debt

1945

## Producing Assets

## Net Debt

Total \$	Yearly Increase \$	Total \$	Yearly Increase \$	Year	Population	Per Capita Net Debt \$
35,422,000	.....	6,294,000	.....	1914 Est.	2,705,000	2.33
40,806,000	5,384,000	9,469,000	3,175,000	1915 "	2,724,000	3.48
50,807,000	10,001,000	8,529,000	940,000	1916 "	2,713,000	3.14
54,888,000	4,081,000	6,937,000	1,592,000	1917 "	2,724,000	2.55
67,544,000	12,656,000	7,765,000	828,000	1918 "	2,744,000	2.83
83,917,000	16,373,000	13,115,000	5,350,000	1919 "	2,789,000	4.70
104,407,000	20,490,000	22,855,000	9,740,000	1920 "	2,863,000	7.98
157,837,000	53,430,000	44,609,000	21,754,000	1921 Cen.	2,934,000	15.20
173,144,000	15,307,000	60,045,000	15,436,000	1922 Est.	2,980,000	20.15
190,047,000	16,903,000	100,978,000	40,933,000	1923 "	3,013,000	33.51
210,515,000	20,468,000	118,993,000	18,015,000	1924 "	3,059,000	38.90
199,810,000	10,705,000	132,581,000	13,588,000	1925 "	3,111,000	42.62
204,580,000	4,770,000	144,536,000	11,955,000	1926 "	3,164,000	45.68
211,141,000	6,561,000	157,779,000	13,243,000	1927 "	3,219,000	49.01
220,320,000	9,179,000	173,794,000	16,015,000	1928 "	3,278,000	53.02
238,737,000	18,417,000	188,177,000	14,383,000	1929 "	3,334,000	56.44
260,594,000	21,857,000	212,778,000	24,601,000	1930 "	3,386,000	62.84
276,640,000	16,046,000	244,027,000	31,249,000	1931 Cen.	3,432,000	71.10
296,745,000	20,105,000	277,674,000	33,647,000	1932 Est.	3,459,000	80.28
294,687,000	2,058,000	299,441,000	21,767,000	1933 "	3,524,000	84.97
297,284,000	2,597,000	358,477,000	59,036,000	1934 "	3,566,000	100.53
295,971,000	1,313,000	378,415,000	19,938,000	1934 "	3,566,000	106.12
283,520,000	12,451,000	406,039,000	27,624,000	1935 "	3,596,000	112.91
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
184,034,000	25,389,000	482,494,000	12,947,000	c 1941 "	3,788,000	127.37
166,175,000	17,859,000	480,309,000	2,185,000	d 1944 Est.	3,965,000	121.14



## PROVINCIAL DEBT

## Statement Showing Investment Thereof as at March 31, 1945

## FUNDED DEBT—

Stock and Debentures Outstanding.....	\$611,548,573 30
Railway Aid Certificates.....	71,452 37
	<u>\$611,620,025 67</u>
Less—Sinking Funds and other Investments.....	29,031,552 84
Total Funded Debt.....	<u>\$582,588,472 83</u>

## UNFUNDED DEBT—

Savings Office Deposits.....	\$ 42,643,599 20
Bank Overdraft.....	5,094,908 85
Special Funds, etc.....	6,442,875 21
	<u>54,181,383 26</u>
ACCOUNTS PAYABLE AND ACCRUED INTEREST.....	9,713,655 51

Gross Debt.....	<u>\$646,483,511 60</u>
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## INVESTMENT THEREOF—

## Revenue Producing and Realizable Assets—

Hydro-Electric Power Commission Advances.....	\$ 95,474,692 00
Temiskaming and Northern Ontario Railway—	
Advances.....	30,207,934 92
Loans—Farm, Municipal, etc.....	31,766,072 84
Accounts Receivable.....	8,725,854 69
	<u>\$166,174,554 45</u>

## Revenue Producing but not Realizable Assets—

Roads and Highways.....	\$360,518,436 03
Niagara Parks Commission (Surplus of Assets).....	1,204,074 69
Dominion of Canada—Common School Fund.....	1,424,597 20
Dominion of Canada—Debt Account.....	2,848,289 52
	<u>365,995,397 44</u>

Total Revenue Producing Assets.....	<u>\$532,169,951 89</u>
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## Non-Revenue Producing Assets—

Public Buildings, Public Works, etc.....	\$116,433,188 15
Equipment, Stores and Materials.....	3,161,835 14
Other Loans and Advances.....	3,801,823 80
	<u>123,396,847 09</u>

## Other Assets—

Unemployment (Direct) Relief (Less amount written off)\$	14,045,036 40
Discount on Debentures, etc. (Less amount written off)	4,829,798 14
	<u>18,874,834 54</u>

Total Assets.....	<u>\$674,441,633 52</u>
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SURPLUS AND RESERVES—represented in above Assets.....	<u>\$ 27,958,121 92</u>
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## GROSS PROVINCIAL DEBT

## Statement Showing Decrease

For Fiscal Year, April 1, 1944, to March 31, 1945

	1942		1943		1944		1945		Decrease 1945 over 1944	
	\$	c.	\$	c.	\$	c.	\$	c.	\$	c.
Funded Debt...	619,495,686	16	610,404,929	97	609,703,362	81	582,588,472	83	27,114,889	98
Unfunded Debt.	95,195,223	18	84,784,377	39	47,102,851	93	54,181,383	26	7,078,531	33
Income Liabilities	10,079,971	61	9,675,053	74	9,721,748	65	9,713,655	51	8,093	14
	724,770,880	95	704,864,361	10	666,527,963	39	646,483,511	60	20,044,451	79

## DECREASE IN GROSS DEBT ACCOUNTED FOR THUS—

## Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.....	\$	19,478	29
Sinking Fund Instalments.....		5,292,000	00
Surplus on Ordinary Account (as per Statement No. 1).....		875,370	21

\$ 6,186,848 50

Discount on Debentures, etc., written off..... 981,717 29

Earnings on Sinking Fund Investments (net)..... 15,961 69

## Net Repayments on Loans Receivable—

Hydro-Electric Power Commission of Ontario.....	\$	9,675,209	47
Agricultural Development Board.....		3,500,000	00
Housing.....		95,411	17
Tile Drainage.....		15,170	37
Municipal Drainage.....		975	31
Miscellaneous.....		63,967	30

13,350,733 62

Increase in Reserves (net)..... 3,693 33

Decrease in Sundry Assets of Savings Office..... 7,971 66

Decrease in Cash..... 4,003,172 43

Decrease in Income Liabilities..... 8,093 14

\$ 24,558,191 66

## Deduct—

## Capital Disbursements—

Disbursements on Highways, Public Buildings and Works, etc.....	\$	4,463,065	15
Less—Capital Receipts.....		253,101	64

\$ 4,209,963 51

Discount on Debentures, etc., issued during year (net). 17,500 00

Payments re Guaranteed Debentures (net)..... 81,126 39

Increase in Co-operative Marketing Loans (net)..... 205,149 97

4,513,739 87

NET DECREASE..... \$ 20,044,451 79



## NET PROVINCIAL DEBT

## Statement Showing Decrease

For Fiscal Year, April 1, 1944, to March 31, 1945

	1942			1943			1944			1945			Decrease 1945 over 1944		
	\$		c.	\$		c.	\$		c.	\$		c.	\$		c.
Gross Debt.....	724,770,880		95	704,864,361		10	666,527,963		39	646,483,511		60	20,044,451		79
Revenue Producing and Realizable Assets...	217,642,774		47	209,423,069		77	184,034,399		51	166,174,554		45	17,859,845		06
NET DEBT....	507,128,106		48	495,441,291		33	482,493,563		88	480,308,957		15	2,184,606		73

## DECREASE IN NET DEBT ACCOUNTED FOR THUS—

## Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.....	\$	19,478	29
Sinking Fund Instalments.....		5,292,000	00
Surplus on Ordinary Account (as per Statement No. 1).....		875,370	21

	\$	6,186,848	50
Discount on Debentures, etc.—written off.....		981,717	29
Earnings on Sinking Fund Investments (net).....		15,961	69
Decrease in Savings Offices—Furniture and Fixtures and Alterations to Premises.....		8,334	53
Increase in Reserves (net).....		3,693	33
Miscellaneous Decreases.....		5,703	60
Decrease in Income Liabilities.....		8,093	14
Decrease in Other Loans and Advances.....		97,264	14

\$ 7,307,616 22

## Deduct:

## Capital Disbursements—

Disbursements on Highways, Public Buildings and Works, etc.....	\$	4,463,065	15
Less—Capital Receipts.....		253,101	64

	\$	4,209,963	51
Discount on Debentures, etc., issued during year.....		17,500	00
Decrease in Accrued Interest on Agricultural Development Board Debentures.....		848,440	62
Decrease in Income Accounts Receivable.....		12,708	06
Adjustment re Old Age Pensions.....		34,397	30

5,123,009 49

NET DECREASE.....\$ 2,184,606 73