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BUDGET ADDRESS

DELIVERED BY

The Hon. Leslie M. Frost

Treasurer of the Province of Ontario

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

Tuesday, March 11th, 1947

On Moving the House into Committee of Supply

Also Statements of

**COMPARATIVE AND STATISTICAL
INFORMATION**



ONTARIO

THE KING'S PRINTER, TORONTO, 1947

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ONTARIO

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BUDGET ADDRESS
DELIVERED BY
THE HON. LESLIE M. FROST

TREASURER OF THE PROVINCE OF ONTARIO

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

TUESDAY, MARCH 11, 1947

Mr. Speaker: It is my task as Treasurer to give to the Members of the Assembly and to the people of Ontario an impartial and understandable statement of our financial position, including a report of how revenues have been raised and expended, a general analysis and assessment of our various financial problems and, for the most careful consideration of the Members of this House, a financial program for the coming year.

I am most anxious to discuss the financial affairs of the province in a frank and open fashion. I would not for one moment attempt to stifle criticism. Constructive criticism and advice is indeed most welcome in these critical times.

No one knows all of the answers to the complex problems with which we are faced and I assure you, Mr. Speaker, that I shall welcome the most searching examination of the report which I propose to place before this Assembly to-day. We cannot too cautiously or jealously safeguard our financial position, which is sound, and which forms a firm basis not only for the policy of this government but for the future development of this province.

Mr. Speaker, it is of course well within the memory of all of the honourable Members that in laying before this House the Estimates of Revenues and Expenditures on Wednesday, March 20th, 1946, I reported that after a most careful examination of the situation, I was forced to forecast a deficit on Ordinary Account of \$21,065,694.35. I then made this announcement and I quote the exact speech as recorded in the printed copy of the Budget. I quote:

“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.”

This intimation of the government's intention was more than an announcement. It was a declaration of policy—a firm commitment. It is with deep satisfaction, shall I say, gratification, that to-day I am able to announce to this House that we have acquitted this commitment not from future but from current revenues. Mr. Speaker, we have balanced the Budget.

No one carrying the responsibility that was mine would have had the boldness to hazard at that time the guess, for such it would have been, that

the revenues would yield such an amount as we are able to report to-day. Other provinces have had a similar experience. The Dominion instead of a forecast deficit will have a very large surplus. One need not seek far for the explanation.

The Gross National Product of Canada for the year ended December 31, 1946, according to what may be termed reliable estimates, amounted to \$11,129,000,000, or an average per capita of \$905.40. In the year 1939 it was only \$5,495,000,000, or an average per capita of \$488.00. With an average Gross National Product of \$11,129,000,000 there was quite naturally during the year 1946 a heavy demand for goods, durable and non-durable, as well as other services. Effective demand for non-durable goods, such as fuel, food and clothing and luxuries reached high and even record levels.

These conditions were reflected in the revenues of the province and in the result the following increases over budget estimates became available:

Fiscal year April 1, 1946—March 31, 1947

10 months' Actual—2 months' Forecast—12 months

Source	Increase Interim Over Budget
Game and Fisheries Department.....	\$ 752,500.00
Gasoline Tax Branch.....	3,913,000.00
Motor Vehicles Branch.....	1,315,000.00
Lands and Forests Department.....	965,400.00
Provincial Secretary's Department.....	412,000.00
Liquor Control Board—Authority Transfer Fees.....	800,500.00
Liquor Control Board—Profits.....	6,000,000.00
Succession Duty Branch.....	2,500,000.00
Race Tracks	751,000.00
Land Transfer Tax.....	480,000.00
Additional Increases from the following main departments—Agriculture, Attorney- General, Education, Health, Insurance, Labour, Legislation, Mines, Munici- pal Affairs, Provincial Treasury and Public Works.....	1,246,888.86
	<u>\$19,136,288.86</u>

Now I may say to this House that the government had the duty of living within its Estimates. The receipt of revenues in excess of the amounts estimated is no authority for increased spending. Conscious of this fact and having in mind the government's firm commitment to overtake the estimated deficit of \$21,065,694.35, we have steadfastly striven to square each and every activity of the year with the obligation to balance the budget if at all possible. Expenditure was kept within the aggregate of supply voted by this House. Expanded revenues were applied not to provide funds for enlarged outlets but to close the gap between estimated Ordinary Expenditures and estimated Ordinary Revenues as forecast in the budget address. You will not therefore charge me with over-statement when I declare that our financial program has been of such soundness as to be stated is to be understood and approved. It is its own argument.

Mr. Speaker, with the permission of the House, I now table the Interim Statement of Ordinary Revenue for the fiscal year April 1, 1946 to March 31, 1947, consisting of ten months' actual receipts and two months' estimated receipts, the total net revenue amounting to \$139,353,600.00.

Interim Statement of Ordinary Revenue
Fiscal Year April 1, 1946—March 31, 1947
10 Months' Actual—2 Months' Forecast—12 Months.

	Gross Ordinary Revenue	Application of Revenue to Expenditure	Net Ordinary Revenue
Agriculture.....	\$ 747,000.00	\$	\$ 747,000.00
Attorney-General.....	1,398,400.00	237,000.00	1,161,400.00
Education.....	105,500.00		105,500.00
Game and Fisheries.....	2,260,000.00		2,260,000.00
Health.....	2,089,700.00	19,300.00	2,070,400.00
Highways:			
Main Office and Branches.....	11,000.00		11,000.00
Gasoline Tax Branch.....	31,313,000.00		31,313,000.00
Miscellaneous Permits Branch.....	115,000.00		115,000.00
Motor Vehicles Branch.....	10,815,000.00		10,815,000.00
	<hr/> \$ 42,254,000.00		<hr/> \$ 42,254,000.00
Insurance.....	\$ 269,500.00		\$ 269,500.00
Labour.....	159,200.00	7,700.00	151,500.00
Lands and Forests.....	8,025,400.00		8,025,400.00
Legislation.....	15,900.00		15,900.00
Mines.....	1,342,700.00	6,900.00	1,335,800.00
Municipal Affairs.....	256,900.00		256,900.00
Provincial Secretary.....	694,000.00		694,000.00
Provincial Treasurer:			
Main Office—Subsidy.....	3,155,000.00		3,155,000.00
—Interest.....	71,200.00		71,200.00
—Miscellaneous.....	800,500.00		800,500.00
Liquor Control Board.....	26,000,000.00		26,000,000.00
Controller of Revenue Branch			
Succession Duty.....	14,500,000.00		14,500,000.00
Corporations Tax Subvention.....	21,640,100.00		21,640,100.00
Income Tax Subvention.....	6,903,800.00		6,903,800.00
Corporations Tax.....	528,000.00		528,000.00
Income Tax.....	100,000.00		100,000.00
Race Tracks.....	3,001,000.00		3,001,000.00
Security Transfer Tax.....	1,068,000.00		1,068,000.00
Land Transfer Tax.....	1,080,000.00		1,080,000.00
Law Stamps.....	545,000.00		545,000.00
Motion Picture Censorship and Theatre In- spections Branch.....	198,800.00		198,800.00
King's Printer—Ontario Gazette.....	15,000.00		15,000.00
Province of Ontario Savings Office.....	368,500.00	368,500.00	.....
	<hr/> \$ 79,974,900.00	<hr/> \$ 368,500.00	<hr/> \$ 79,606,400.00
Public Welfare.....	\$ 200.00		\$ 200.00
Public Works.....	48,400.00	3,000.00	45,400.00
Reform Institutions.....	1,189,800.00	835,500.00	354,300.00
	<hr/> \$ 140,831,500.00	<hr/> \$ 1,477,900.00	<hr/> \$ 139,353,600.00
Public Debt—Interest, etc.....	6,044,000.00	6,044,000.00	.....
—Foreign Exchange.....	252,000.00	252,000.00	.....
	<hr/> \$ 147,127,500.00	<hr/> \$ 7,773,900.00	<hr/> \$ 139,353,600.00

I also table the Interim Statement of Ordinary Expenditure for the same fiscal period, the net expenditure being \$138,899,600.00.

Interim Statement of Ordinary Expenditure

Fiscal Year April 1, 1946—March 31, 1947,

10 Months' Actual—2 Months' Forecast—12 Months

Department	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Net Ordinary Expenditure
Agriculture.....	\$ 6,882,400.00	\$	\$ 6,882,400.00
Attorney-General.....	4,171,700.00	237,000.00	3,934,700.00
Education.....	30,359,900.00		30,359,900.00
Game and Fisheries.....	1,129,700.00		1,129,700.00
Health.....	15,506,200.00	19,300.00	15,486,900.00
Highways.....	25,871,000.00		25,871,000.00
Insurance.....	82,700.00		82,700.00
Labour.....	559,400.00	7,700.00	551,700.00
Lands and Forests.....	5,804,500.00		5,804,500.00
Legislation.....	297,200.00		297,200.00
Lieutenant-Governor.....	10,700.00		10,700.00
Mines.....	576,100.00	6,900.00	569,200.00
Municipal Affairs.....	3,571,800.00		3,571,800.00
Planning and Development.....	225,000.00		225,000.00
Prime Minister.....	52,200.00		52,200.00
Provincial Auditor.....	137,000.00		137,000.00
Provincial Secretary.....	504,700.00		504,700.00
Provincial Treasurer.....	1,905,000.00	368,500.00	1,536,500.00
Public Welfare.....	13,441,500.00		13,441,500.00
Public Works.....	1,239,800.00	3,000.00	1,236,800.00
Reform Institutions.....	3,251,800.00	835,500.00	2,416,300.00
Travel and Publicity.....	150,000.00		150,000.00
Stationery Account.....	20,000.00		20,000.00
	\$ 115,750,300.00	\$1,477,900.00	\$ 14,272,400.00
Public Debt—Interest, etc.....	24,517,900.00	6,044,000.00	18,473,900.00
—Foreign Exchange.....	964,000.00	252,000.00	712,000.00
—Sinking Fund Instalments and Railway Aid Certificates.....	5,441,300.00		5,441,300.00
	\$ 146,673,500.00	\$ 7,773,900.00	\$138,899,600.00

From these two statements it will be seen that for the fiscal year which ends March 31 next we will show a surplus of \$454,000. This surplus will result after providing for Sinking Funds and Maturing Railway Aid Certi-

ificates amounting to \$5,441,300.00. The particulars of the same are included in the Summary, which is as follows:

SUMMARY

Ordinary Revenue and Ordinary Expenditure

Fiscal Year April 1, 1946—March 31, 1947

10 Months' Actual—2 Months' Forecast—12 Months

Net Ordinary Revenue.....	\$139,353,600.00
Less: Net Ordinary Expenditure (before providing for Sinking Funds and Maturing Railway Aid Certificates).....	133,458,300.00
Surplus—(before providing for Sinking Funds and Maturing Railway Aid Certificates).....	\$ 5,895,300.00
Less: Provision for Sinking Funds and Maturing Railway Aid Certificates..	5,441,300.00
Interim Surplus.....	\$ 454,000.00

I also table with permission of the House an Interim Statement of Gross and Net Capital Receipts for the fiscal year April 1, 1946 to March 31, 1947, which is ten months' actual receipts and two months' estimated receipts. The total net capital receipt \$20,545,600.00.

Interim Statement of Capital Receipts Fiscal Year April 1, 1946—March 31, 1947

10 Months' Actual—2 Months Forecast—12 Months

Department	Gross Capital Receipts	Application of Receipts to Payments	Net Capital Receipts
Agriculture.....	\$ 4,200.00	\$	\$ 4,200.00
Highways.....	307,000.00	.....	307,000.00
Labour.....	1,475,000.00	.....	1,475,000.00
Lands and Forests.....	285,500.00	.....	285,500.00
Mines.....	125,000.00	.....	125,000.00
Provincial Secretary.....	1,715,600.00	.....	1,715,600.00
Provincial Treasurer.....	16,569,600.00	.....	16,569,600.00
Public Welfare.....	14,442,000.00	14,442,000.00	.....
Public Works.....	63,700.00	.....	63,700.00
	\$ 34,987,600.00	\$14,442,000.00	\$ 20,545,600.00

I also desire to table a Statement of Gross and Net Capital Payments for the same fiscal period, the total net payments being \$26,070,400.00.

Interim Statement of Capital Payments Fiscal Year April 1, 1946—March 31, 1947

10 Months' Actual—2 Months' Forecast—12 Months

Department	Gross Capital Payments	Application of Receipts to Payments	Net Capital Payments
Agriculture.....	\$ 138,000.00	\$	\$ 138,000.00
Game and Fisheries.....	95,000.00	.....	95,000.00
Highways.....	18,296,500.00	.....	18,296,500.00
Labour.....	1,045,000.00	.....	1,045,000.00
Lands and Forests.....	300.00	.....	300.00
Provincial Secretary.....	1,192,900.00	.....	1,192,900.00
Provincial Treasurer.....	3,810,600.00	.....	3,810,600.00
Public Welfare.....	14,442,000.00	14,442,000.00	.....
Public Works.....	1,285,100.00	.....	1,285,100.00
Miscellaneous	207,000.00	.....	207,000.00
	\$ 40,512,400.00	\$14,442,000.00	\$26,070,400.00

PROVINCIAL DEBT

It has been the steady aim of this Government to preserve and to improve its credit standing. A very serious problem confronting the province is the burden of Net Debt which has accumulated over the last forty years, and principally in the last twenty-five. This class of debt must be paid for from taxation. Interest and principal constitute a first charge on our revenues. The gross cost of servicing the Provincial Debt for the current fiscal year will amount to \$25,481,900. For the fiscal year which begins on April 1st, it is estimated that the gross cost of servicing the Provincial Debt will be \$24,066,700, showing an estimated savings for the 1947-1948 fiscal year of \$1,415,200. In 1919 this net debt amounted to only \$13.1 million; by 1942 it had reached the sum of \$507.1 million.

One of our first objectives was to bring this class of debt under control. In the Budget Address of 1944 a detailed outline of the whole problem was given. The proposal was then made for the orderly retirement of the present Net Debt with the provision that all future borrowings should be retired within the lifetime of the works for which they were incurred. This was predicated upon balanced budgets. In that year and in each subsequent year provision has been made for the debt retirement, and all borrowings and refundings have been on a serial basis to permit the retirement of both old and new debt in each fiscal year. Actually, in the last few years, we have incurred but little new debt and even that has been entirely offset by debt reduction as will be seen from the figures which I shall give. In addition, we have paid from Ordinary Revenues the costs of many projects which in the ordinary course could have been treated as capital and amortized over a period of time.

Our credit is a very real asset. The use of credit for financing the cost of capital works to be repaid over the lifetime of such works is legitimate and proper. It should, however, be soundly used. Mounting Net Debt could cause us grave embarrassment despite the immense assets of the province. The servicing of such debt and its repayment must come from the people.

During the period of the operation of the Dominion-Provincial Tax Suspension Agreement, the following reductions and additions have been made to the Net Debt:

As At	Net Debt	Decrease or Increase during Fiscal Year
March 31, 1942.....	\$507,128,106.48	.....
March 31, 1943.....	495,441,291.33	\$11,686,815.15
March 31, 1944.....	482,493,563.88	12,947,727.45
March 31, 1945.....	480,308,957.15	2,184,606.73
March 31, 1946.....	478,419,323.59	1,889,633.56
March 31, 1947.....	493,415,575.30	*14,996,251.71
Reduction in 5-year period.....		\$ 13,712,531.18
*Estimated increase.		

It will be noted that in the four-year period commencing April 1, 1943 to March 31, 1947, the Net Debt reduction has been \$2,025,716.03. I estimate a further reduction for the year ending March 31, 1948. Thus for the five year period we shall have a reduction in Net Debt. This is a record which has never been achieved by any other government in the history of this province since Net Debt became a factor in provincial finance.

It will be recollected that last year I forecast large increases in Net and Gross Debt. As our budget has been balanced, this estimate has been decreased by over \$21 million—a very considerable achievement indeed.

During the four-year period ending the 31st of this month, in addition to the reduction of \$2,025,716.03 in the Net Debt the following capital investments were made in our provincial highway system and paid for:

Fiscal Year Ended	Amount
March 31, 1944.....	\$ 2,526,788.97
March 31, 1945.....	2,799,477.52
March 31, 1946.....	3,358,037.66
March 31, 1947 (Estimate).....	18,296,500.00
	\$ 26,980,804.15

The following expenditures have also been made for Agriculture, Education, Health and Welfare:

Fiscal Yr. Ended	Agriculture	Education	Health	Welfare	Total
Mar. 31/44.....	\$ 6,296,059.58	\$15,604,864.85	\$13,344,512.54	\$11,530,186.12	\$ 46,775,623.09
Mar. 31/45.....	6,054,807.25	24,740,221.60	11,668,940.00	12,810,295.11	55,274,227.96
Mar. 31/46.....	6,459,257.18	30,779,279.96	12,677,921.17	12,908,364.14	62,824,822.45
Mar. 31/47.....	6,882,400.00	30,359,900.00	15,486,900.00	13,441,500.00	66,170,700.00
	\$ 25,692,524.01	\$101,484,266.41	\$53,187,273.71	\$50,690,309.37	\$231,045,373.50

It is therefore with no small measure of satisfaction that I point to three worth-while accomplishments by this Government, namely:

We have reduced the Net Debt by \$2,025,716.03;

We have added to our investments in the Provincial Highway System, \$26,980,804.15;

We have widened the scope of benefit of our developmental and social services, having spent on Agriculture, Education, Health and Welfare the sum of \$231,045,373.50.

This we have done without placing upon the statute books of the province one solitary new taxing measure. This, Mr. Speaker, I maintain is an impressive demonstration of the soundness of the fiscal policies of this Government.

I point out that we have increased our expenditures for education by amounts of between \$20 and \$25 million yearly. In 1945 we divided this amount 34% from the surplus of 1944-45 and 66% in the fiscal year 1945-46. For this year now ending we were able to take care of 80% of this amount from current revenues, the balance of 20% from the surplus for the fiscal years 1945-46. For the ensuing year 1947-48 we plan to assume the total costs of education within that fiscal year. Thus by careful financing we have been able to carry out in full the pledge we made in 1943 without deficits and increases in debt and without imposing large imposts to take care of the same.

With the permission of the House I now table statements showing the gross debt, the net debt, the funded debt, and the indirect debt of the province.

Schedule 1

PROVINCE OF ONTARIO

DETAILED SUMMARY ACCOUNTING FOR ESTIMATED INCREASE IN GROSS DEBT
FOR THE FISCAL YEAR TO END ON MARCH 31, 1947

Estimated Gross Debt as at March 31, 1947.....	\$645,543,377.23
Gross Debt as at March 31, 1946.....	639,315,323.52
Estimated Increase for the fiscal year to end on March 31, 1947.....	<u>\$ 6,228,053.71</u>

Gross Debt Increased by:

Capital Disbursements—

Highways, Public Buildings, Public Works, etc.....	\$22,036,900.00
Less—Capital Receipts.....	745,700.00
	<u>\$21,291,200.00</u>
Discount on Debentures, issued during year.....	498,550.00
Increase in Co-operative Marketing Loans (Net).....	46,360.00
	<u>\$21,836,110.00</u>

Gross Debt Decreased by:

Surplus—

Surplus on Ordinary Account.....	\$ 454,000.00
Retirement of Railway Aid Certificates.....	18,251.86
Sinking Fund Provision.....	5,422,655.27
	<u>\$ 5,894,907.13</u>
Discount on Debentures, written off.....	690,000.00
Earnings on Sinking Fund Investments.....	1,650.20
Net repayments on Loans Receivable—	
Hydro-Electric Power Commission of	
Ontario.....	\$ 4,433,979.38
Agricultural Development Board.....	3,600,000.00
Loans to Municipalities, etc., (Net)....	747,044.43
	<u>8,781,023.81</u>
Increase in Reserves.....	17,340.14
Decrease in Income Liabilities.....	214,435.01
Miscellaneous.....	8,700.00
	<u>15,608,056.29</u>

Estimated Increase for the fiscal year to end on March 31, 1947.....	<u>\$ 6,228,053.71</u>
--	------------------------

Schedule 2

ESTIMATED INCREASE IN THE NET DEBT
AS AT MARCH 31, 1947

As at March 31, 1947—

Estimated Gross Debt.....	\$645,543,377.23
Less—Estimated Revenue Producing and Realizable Assets.....	152,127,801.93
Estimated Net Debt.....	<u>\$493,415,575.30</u>

As at March 31, 1946—

Gross Debt.....	\$639,315,323.52
Less—Revenue Producing and Realizable Assets.....	160,895,999.93
Net Debt.....	<u>\$478,419,323.59</u>

Estimated Increase in Net Debt.....	<u>\$ 14,996,251.71</u>
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THE FUNDED DEBT OF ONTARIO
DETAILED SUMMARY OF ESTIMATED CHANGES FOR THE FISCAL
YEAR TO END ON MARCH 31, 1947

As at March 31, 1946 (after deducting Sinking Funds)..... \$560,787,937.26

Add—Sale of Debentures—

"BM"	—1% to 2¾%, due July 15, 1947-76.....	\$ 30,000,000.00	
"TI"	—4½%, due November 1, 1952.....	3,000,000.00	
"TFE"	—3¼%, due January 1, 1962.....	500,000.00	
"BN"....	—1% to 2¾%, due January 15, 1948-77.....	50,000,000.00	
			83,500,000.00

\$644,287,937.26

Less—Redemptions—

"RH"	—3% due April 15, 1946.....	\$ 7,500,000.00
"AL"	—4% due May 15, 1946.....	635,000.00
"AP"	—4½% due May 15, 1946.....	553,000.00
"AS"	—4% due June 1, 1946.....	547,000.00
"RX"	—1¾% due June 1, 1946.....	1,000,000.00
"RAB"	—1¼% due July 2, 1946.....	3,000,000.00
"AW"	—5½% due July 1, 1946.....	19,995,100.00
"RZ"	—2½% due August 1, 1946.....	1,000,000.00
"RAA"	—1½% due September 1, 1946.....	2,000,000.00
"RAC"	—1½% due September 1, 1946.....	2,000,000.00
"RY"	—1¾% due September 15, 1946.....	1,000,000.00
"AK"	—4½% due November 1, 1946.....	800,000.00
"RS"	—2% due November 1, 1946.....	1,050,000.00
"AH"	—4½% due December 1, 1946.....	699,000.00
"RAD"	—1% due December 15, 1946.....	4,000,000.00
"RAB"	—1¼% due January 2, 1947.....	3,000,000.00
"TFA"	—3% due January 1, 1947.....	500,000.00
"AJ"	—4½% due January 15, 1947.....	800,000.00
"AR"	—4½% due January 15, 1947.....	503,000.00
"RB"	—2½% due January 15, 1947.....	1,000,000.00
"ZA-AT"	—5½% due February 1, 1947.....	2,000,000.00
"AT"	—5½% due February 1, 1947.....	20,000,000.00
"RAA"	—1½% due March 1, 1947.....	2,000,000.00

\$ 75,582,100.00

Railway Aid Certificates..... 18,251.86

Increase in Sinking Fund Investments—Current Year.. 5,424,383.95

81,024,735.81

Estimated as at March 31, 1947 (after deducting Sinking Funds)..... \$563,263,201.45

Total—New Issues.....\$ 83,500,000.00

Less—Redemptions and Increase in Sinking Fund..... 81,024,735.81

Net Increase.....\$ 2,475,264.19

PROVINCE OF ONTARIO Schedule 4
 CONTINGENT LIABILITIES, BONDS, ETC., GUARANTEED BY THE PROVINCE
 ESTIMATED AS AT MARCH 31, 1947

Total as per Public Accounts, March 31, 1946.....	\$119,218,362.81
Add—New Guarantees or Increases for the Fiscal Year to end on March 31, 1947—	
Co-operative Marketing Loans.....	\$128,340.00
Ontario Food Terminal Board.....	5,406.15
Matured Coupons Outstanding.....	3,404.24
	137,150.39
Less—Principal Maturities redeemed or to be redeemed during the Fiscal Year to end on March 31, 1947—	\$119,355,513.20
Municipalities.....	\$ 10,283.10
Park Commissions.....	161,930.65
Power Commission.....	1,275,000.00
Railways.....	1,146,000.00
Schools.....	137,533.28
Universities.....	113,748.52
Ontario Stock Yards Board.....	12,011.67
	2,856,507.22
	\$116,499,005.98
Less—Sinking Fund Deposits for the Fiscal Year to end on March 31, 1947..	25,709.00
Estimated Contingent Liability of the Province as at March 31, 1947.....	\$116,473,296.98

SUMMARY

Contingent Liability of the Province as at March 31, 1946.....	\$119,218,362.81
Estimated Contingent Liability of the Province as at March 31, 1947.....	116,473,296.98
Estimated Decrease.....	\$ 2,745,065.83

WAYS AND MEANS

On the 31st March we come to the termination of the period of the Dominion-Provincial Tax Suspension Agreement. This Agreement was authorized by 6 George VI, Chapter 1. In the Agreement, signed by the Minister of Finance, on behalf of the Dominion of Canada and by the Treasurer of Ontario on behalf of the Province of Ontario, Section 15 provided as follows:

“Within thirty days from the date of the termination of this Agreement, as provided for in sections 21 and 23 hereof, the Dominion will pay to the Province the total amount deducted from time to time under the provisions of this Agreement.”

The following schedule shows deductions under Section 11 of the Agreement, payable to the Province on or before April 30, 1947, in accordance with the provisions of Section 15:

Fiscal Year Ended	Amount
March 31, 1942.....	\$26,752,181.05
March 31, 1943.....	114,967.40
March 31, 1944.....	514,918.39
March 31, 1945.....	580,447.29
March 31, 1946.....	794,017.03
March 31, 1947.....	207,503.38
Total.....	\$28,964,039.54

This sum of \$28,964,039.54 which is to be paid by the Dominion to Ontario within thirty days after the date of the termination of the Agreement is not a recurring item. It has been decided, therefore, not to treat this as an item of Ordinary Revenue or Income. It will be treated in the 1947-48 accounts of the Province as a Capital Receipt. I am sure the Members of this House will concur in the decision of the Government in this regard. Fortunately, as a result of sound financial policy, no commitment has been made in anticipation of the receipt of this large sum on ordinary account. Therefore, the amount when received will be used solely in the payment of items including refundings which may be deemed to be in the nature of capital obligations.

There is another Capital item to which I should like to refer. The same arises from the management of funds paid into the Accountant of the Supreme Court of Ontario.

On the 24th December, 1913, the Finance Committee decided to set up an "Interest Guarantee Account." This was done. In 1919 the name of the account was changed to "Interest and Depreciation Account." This account was established with the object of providing a reserve to guarantee interest payable to beneficiaries and to cover any loss of depreciation on investment of funds held in trust by the Court. Under the Judicature Act, R.S.O. 1937, Chap. 100, Section 102, subsection 2, authority is given to establish such reserve funds as are deemed expedient in the management of the money of the Court.

The Fund has been built up since 1914 and, as of the 30th September, 1946, it amounted to \$4,865,088.14. It is estimated as of March 31st next the Fund will amount to a sum in excess of \$5,000,000. It has become evident that, because of the fact that the Court investments under the statute as it now exists are for the most part in bonds issued or guaranteed by the Province of Ontario, the Reserve Fund accumulated over the past thirty years has exceeded all requirements, and that a Reserve Fund pegged at approximately \$1,000,000 will be amply sufficient for all purposes. Thus the Government has decided to take action to this end.

The amount in excess of what is deemed to be an adequate Reserve Fund will be approximately \$4,000,000. It might well be contended that this sum should be treated as an item of Income and therefore transferred to the Consolidated Revenue Funds of the Province. The Government has not accepted this view. After a careful study of the whole question, the Government has decided to invest this excess of Reserve Fund requirements in the human resources of the Province, and believes this can best be done by the following distribution to the Universities of Ontario, the same to be used for building extensions and capital equipment and payments so necessary in training the youth of this Province:

University of Toronto.....	\$1,500,000.00
Medical Faculty, University of Toronto.....	500,000.00
Queen's University.....	375,000.00
Medical Faculty, Queen's University.....	250,000.00
Western University.....	375,000.00
Medical Faculty, Western University.....	250,000.00
Medical Faculty, University of Ottawa.....	250,000.00
Ontario College of Education.....	500,000.00
Total.....	<u>\$4,000,000.00</u>

It will be noted that emphasis is being given to the Medical Faculties of the various universities. The purpose for this is plain. The surveys of the Canadian Medical Procurement and Assignment Board indicate that it is important that the output of competent physicians be maintained or increased. The report of the Board says, "The supply of physicians in Canada is primarily dependent upon the facilities in the country for educating and training physicians."

The conferences between the Dominion and the provinces relative to Health Insurance have clearly indicated that lack of trained medical and nursing personnel and hospital beds is a very definite obstacle in the way of such a scheme. All of us know, particularly those of us from the rural areas, that there is an acute shortage of doctors, nurses and beds. In addition to the provision which we have outlined for the extension of teaching facilities in the universities stated, we propose to do the following, for which we have accordingly made provision from the Ordinary Revenues of the Province.

1. Hospital Maintenance Grants

One of the essentials is to provide the hospitals with the necessary income to carry on their work. Prior to a year ago all provincial assistance was given by way of payment of a portion of indigent costs. The Government felt that this was not the proper basis and that assistance should be extended on the basis of public-ward beds, regardless whether the patients were indigent or not. A formula was devised for the teaching group of hospitals. It is now proposed to extend the existing formula to all hospitals on the following basis, the total cost to the province will be approximately \$2,200,000:

Group A—teaching hospitals—up to \$1.00 per day per bed.

Group B—hospitals over 100 beds (or under 100 beds in a teaching area) up to 75c per day per bed.

Group C—hospitals under 100 beds—up to 60c per day per bed.

Group D—convalescent hospitals—up to 60c per day per bed.

Group E—hospitals for incurables—up to 60c per day per bed.

2. Capital Grants

To assist in the construction of new hospitals and additions to present hospitals a capital grant not exceeding \$1,000 per bed, in both public and private wards, will therefore be made for additional or new construction of public hospitals. In the case of chronic or convalescent hospitals, the grant will be \$2,000 per bed.

Thus, for the first time in Ontario's history the Government is making orderly grants both for maintenance and capital costs. It is hoped that this plan will lead to the construction of hospitals not only in the large urban areas but in smaller towns and villages, and, where needed, in the distinctly rural areas and in the sparsely settled portions of Ontario.

The regulations upon which such grants will be given will shortly be made known. They must necessarily cover such matters as types of hospital construction, location, proportion of public and private beds. A survey will be made to determine the proper hospital requirements throughout the province. It is already known that in rural and less-populous districts there exists a serious lack of hospital accommodation. By encouraging and assisting the establishment of small, well-equipped hospitals in such areas, not only will the burden on hospitals in the urban areas be relieved, but it

is believed that young doctors will be attracted to commence practice in rural areas which presently suffer from the uneven distribution of medical men, a great number of whom prefer to establish themselves in towns and cities.

DEPARTMENT OF EDUCATION

The Estimates of the Department of Education this year will be \$38,504,057.68. This is an increase in excess of \$24 million over the fiscal year ending March 31, 1943. This year the grants to Public Libraries will be approximately two and one-half times greater than in the preceding year. It is desired to generally improve the standard of our libraries and the qualifications of librarians. This year, maintenance and special grants will be made to the universities as follows:

	Maintenance Grants	Specia' Grants
Toronto University.....	\$1,600,000.00	\$79,157.68
Queen's University.....	\$ 350,000.00	\$ 5,000.00
Western University.....	\$ 350,000.00	\$15,000.00

Under the new grants system introduced in 1945, a majority of School Boards received grants of 50% or more of their approved costs. As expenditures must be made continuously throughout the calendar year, it is obvious that the payment of grants should no longer be made in one payment in the Autumn. The payment of an advance instalment in the Spring is inherent in the present school grants system. It is the intention, therefore, that the first instalment of 50% of the grant to each Board will be made May 1st and the remaining instalment on September 15th in each year. This will simplify the financial problems of the School Boards and save them interest.

The Department of Welfare is this year instituting a grant of 25% of the cost of new construction in County Homes. This will assist the municipalities in providing more and better accommodation. It is hoped that County Homes may cease to be regarded as institutions merely for indigents and that they may assume a role of wider usefulness in the communities.

DOMINION-PROVINCIAL RELATIONS

Much has been said and written over the last few years concerning this very important subject and, without attempting to go into the minute details of the problem, I should like to give a reasonably concise statement of the position at the present time, and to outline the main principles involved.

While the provinces are limited by the Constitution to direct taxation for their principal revenues, the Dominion has immensely wider powers, including powers of both direct and indirect taxation as well as the exclusive right and responsibility of the regulation of trade and commerce by customs and excise duties, and the control of currency and credit, which includes our whole monetary and banking system and the incorporation and control of banks. The possession of concurrent powers of direct taxation by both the Dominion and the provinces constitutes one of our major basic problems and was the principal topic of discussion at the recent Dominion-Provincial Conferences. In a federal system, such as we have in Canada, the Central Authority and the provinces should have, as far as possible, not only different heads of revenue but also different heads of expenditure. Provinces cannot retain their fiscal autonomy and function with maximum efficiency if they have to depend upon the federal government for contributions and subsidies.

The tendency would be for the provinces to become extravagant and subservient to the Central Authority.

The continued occupation, expansion and exploitation of the fields of direct taxation by the central government could, and undoubtedly would in the final result, retard and strangle provincial growth and development. For over half a century the Dominion respected the rights of the provinces and left to them the sole occupancy of direct fields of taxation. The invasion of what had come to be regarded as provincial fields of taxation—that is direct taxation—began with The Income War Tax Act of 1917. At that time the Dominion explained that it was entering, as a temporary war measure only, a field to which the provinces were confined for raising their revenues. I emphasize the fact that the invasion was to be “temporary.” This occupation of direct fields of taxation not only ceased to be temporary but became permanent and was later greatly expanded.

Shortly after the outbreak of World War No. II, the Dominion very deliberately invaded the whole field of direct taxation.

In order to assist the Dominion authorities to wage total war against the Axis Powers, the provinces in 1942 agreed to suspend temporarily the levying of personal income and corporation taxes in return for a subvention. The Dominion immediately increased personal income and corporation taxes, and, in some cases, imposed such rates of tax as to take away by taxation practically the whole of corporation profits above a certain limit.

The Dominion also invaded the fields of succession duties, gasoline, amusement, race track pari-mutuel and electricity taxes, all or nearly all of which were already occupied by the provinces.

At the Dominion-Provincial Conference convened in August 1945, the matter of the Dominion vacating sufficient of the taxation fields to enable the provinces to carry on, immediately became an inevitable issue. The problem of multiple taxation concerned not only the personal income and corporation tax fields but also a number of other direct tax fields which had been invaded by the Dominion in 1941.

Concerning personal income and corporation taxes, there were two separate views expressed by the provinces at the Conference. In the case of certain of the provinces, where revenues from taxes on personal incomes, corporation incomes, and from succession duties were not relatively large, there was indicated a willingness to assign to the Dominion the exclusive right to collect taxes in these fields in return for a large minimum per capita payment. On the other hand, in certain other provinces, including Ontario, a minimum payment was not nearly as important as an arrangement which would reflect the productivity of the major progressive tax fields of personal income and corporation taxes and succession duties. (Ontario's preference was for retaining these taxation rights, rather than surrendering them in return for a subvention, no matter the amount of the subvention). Provincial experience in surrendering rights of indirect taxation at the time of Confederation was ample justification for this view.

Ontario's problem is that of an expanding economy. Its government and people are bent upon the development and expansion of all branches of industry with resultant full employment and better standards of living for our increasing population. The position taken by Ontario—which view was shared by some of the other provinces—was that, by whatever the arrangement, we must share in the direct and progressive tax fields in such manner as to enable us to participate in them in relation to the increasing revenues which accompany expansion, which expansion we anticipate and for which

we constantly strive. With expansion comes added responsibility involving greater financial commitments. Inflation and rising prices with anything approaching a fixed or rigid subvention, or indeed a subvention which did not reflect the productivity of these direct and progressive tax fields, would make our position most precarious. Therefore, Ontario and certain other provinces with the utmost justification pressed their view upon the Conference, maintaining that their interest was not in large minimum payments, but rather in the productivity of the major direct taxes which would most truly reflect the fiscal power to meet the days of expansion and development which lie ahead, and to secure the financial position of the provinces against inflationary influences which are already at work. Ontario's position in this regard is summarized on pages 23 and 24 of its Submission to the Conference in January, 1946.

Ontario, and some of the other provinces, therefore, while expressing a willingness, for a transitory period, to give the dominion the exclusive power to levy personal income and corporation taxes on a basis which would be related to the productivity of these tax fields, made this conditional upon the Dominion vacating the fields of succession duty, gasoline tax, amusement tax, race track pari-mutuel tax, security transfer tax and electricity tax. The Dominion would also be required to recognize effectively the priority of provincial taxation of mining and logging operations, and to refrain from invading further direct tax fields now or in the future.

Strong objection was taken by certain of the provinces to a practice which has grown up in Ottawa of the Dominion going into fields which are in their very nature provincial, with the result that either the Dominion asks the provinces to assist the scheme financially or, on the other hand, as is now the case, the Dominion finds itself forced to come to the provinces and say that the provinces must surrender undoubted rights in certain fields of taxation in order that the Dominion may carry out its undertakings. The provinces urged that the more logical way would be to let the provinces do those things which under the constitution they should do and to allot to the provinces sources of revenue adequate to the purpose. This would combine both authority and fiscal responsibility so essential to good government. These provinces asserted that the maintenance of the Federal System was of fundamental importance. Premier Macdonald of Nova Scotia referred to this matter and after urging the Dominion to vacate the gasoline, amusement, electricity and pari-mutuel fields of taxation and agree not to enter any other field of direct taxation, went on to say: (Report of Dominion-Provincial Conference, Plenary Session No. 5, pages 38-39).

"How do the provinces stand under the proposals? We have two exclusive fields of taxation, one of which fields is valueless. There is joint occupancy of other small fields, such as gasoline, amusements, electricity and the like. Then there are the proposed grants, which the Dominion calculated at \$15 per head, increasing as the production of this country increases. In return we are asked to surrender our rights to collect income and corporation taxes, two fields which, as I said, yielded last year something in excess of one and a half billion dollars . . . That is the position which the provinces are asked to take. Let me ask you, Mr. Chairman, and the delegates here, whether they represent the dominion government or the provinces, let me ask anyone who is within sound of my voice, let me ask that greater body to which we as public servants are all accountable, the citizens of our provinces or of Canada, let me ask any of those people whether they think that is a fair or honourable or dignified position in which to place the provinces in this dominion. Provincial autonomy will be gone. Provincial inde-

pendence will vanish. Provincial dignity will disappear. Provincial governments will become mere annuitants of Ottawa. Provincial public life—and I do not think these words are too strong—will be debased and degraded. I cannot think that such a state of affairs is desired by the representatives of the government of Canada here today, my one-time colleagues. I am sure that they have no wish or desire to see such a state of affairs come to pass in this country, nor can I believe that such a state of affairs is desired by the people of this country.”

These then are some of the fundamentals for which the majority of the provinces contended. While all agreed that fiscal aid was necessary and desirable for the less favoured provinces, nevertheless all desired fiscal authority and responsibility to the largest possible degree, and the majority of the provinces disliked “a handout” which was both expensive for the Canadian taxpayer and contrary to the principles of efficient government. It should have been plain to all that a satisfactory agreement was not possible without full recognition of these fundamentals.

As stated, on the 6th of August, 1945 the Dominion-Provincial Conference was convened. In view of the obviously divergent views referred to, certain of the provinces, including Ontario, pressed for a round table discussion before any proposals were made, in order that the viewpoints of all should be made known. At this point, the Dominion prejudiced the success of the negotiations. Indeed Dominion-Provincial relations received a setback from which they have not since recovered. Without any opportunity being allowed for a discussion of principles involved, the Dominion released its proposals to the press, with the result that instead of permitting a preliminary discussion to bring out the viewpoints of all, the Conference adjourned to consider the Dominion’s proposals. It did not take long to discover that the Dominion’s proposals, in substance, and in principle, were unacceptable to the majority of the provinces.

Before proceeding to discuss the reaction of the provinces to Dominion proposals, allow me to point out that the Dominion proposals were presented under three headings, viz:-

- (a) the reallocation of tax fields,
- (b) social security,
- (c) public investment policy.

Attempts have been made by certain slavish party organs and advocates to create the impression in the minds of the Canadian people, that reallocation of the tax fields would make available the financial resources with which to institute a very generous social security plan. Such an impression is not warranted by fact. In the meetings of the Co-ordinating Committee, it was disclosed that the Dominion proposed to impose a special income tax on all income, without exemption, of from 3% to 5%. For the provinces it was proposed that to carry into effect the health insurance programme, there should be an annual registration fee paid by or on behalf of every person in each province who had attained his sixteenth birthday. In Ontario this meant an annual poll tax of \$12.00 for every person 16 years and over, which would be required to realize a sum approaching \$40 million a year, without providing for increased hospital capacity. This type of taxation is unacceptable to Ontario and Quebec, as is indicated in the proceedings of the plenary session, April 30, 1946, pages 51-57 inclusive.

An attempt has also been made by the same party press by some process of reasoning to saddle those provinces which will not accept the proposals

with the responsibility for the Dominion Government's decision to suspend the introduction of social security and other provisions. There is no justification for this. The large payments proposed to be made by the Dominion to the provinces must come from the pockets of the Canadian taxpayers. Incidentally, about one-half must come from the taxpayers of this Province. If certain of the provinces decide to raise their own revenues by direct taxes levied on themselves and remain responsible to their own people, it follows that the Dominion will be relieved of vast commitments. The Dominion will not need to raise large sums to be handed over to these provinces. The Dominion would therefore be in a better position to go ahead with its social security program than if its offer with all of its huge obligations were accepted by all of the provinces. Moreover, the Dominion would be enabled to make large tax reductions so eagerly desired by our people.

In the following December and January, most of the provinces submitted briefs from which the differences in viewpoint could be clearly discerned. The Province of Ontario submitted its brief in January, 1946 and the summary of objections as before referred to. The Dominion then prejudiced the success of the negotiations to an even greater degree than that of August, 1945. It proceeded to submit a revised set of proposals along the same lines as those of August, 1945. The Dominion failed to recognize that the provinces' objections were fundamental, and related to the principles from which the provinces were not prepared to depart even for substantial subsidies. The pattern of the Conference then became one of duress and not negotiation.

It appeared from the sessions of the Co-ordinating Committee of Premiers that the objections should be explained to the Canadian people. It was therefore decided in order to clarify the situation, to meet in a Plenary Session, which was held in Ottawa, April 29th to May 3rd, 1946. Copies of Hansard covering these open sessions are available. A number of the provinces made suggestions which were rejected.

Ontario submitted alternative proposals agreeing to rent corporation and personal income taxes for a transitory period in return for a minimum payment much less than that proposed by the Dominion, with an escalator provision which would both reflect productivity and protect our economy against the consequences of inflation. Ontario asked further that the Dominion Government vacate the fields of succession duties and other minor direct taxes previously mentioned.

Tied in with these proposals, a strong plea was made by Ontario representatives that during this transitory period a full examination of the whole Canadian tax structure be made; this examination to be conducted with a view to overhauling Canada's unwieldy tax structure and, within the provisions of the Constitution, to bring our entire tax system into line with present day conditions. (See Dominion-Provincial Hansard, Plenary Session 5, page 18). Ontario's proposals were summarily rejected. The Dominion refused to vacate the fields of taxation invaded by it during the war without compensation, although later on, it announced the repeal of its gasoline tax as from April 1, 1947. The gasoline tax produced for the Dominion more revenue than any of the other sources in the minor fields of taxation.

With the Dominion still adhering to this rigid attitude and stubbornly refusing to give effect to the provincial objections, the Conference adjourned on the afternoon of May 3rd and has since not been reconvened, although Nova Scotia, Quebec and Ontario have requested a resumption.

In June, Mr. Ilsley delivered the Dominion budget. The Dominion then offered to the provinces \$15 per head of population with the gross national production escalator provision, as set out in its January proposals, in return for the exclusive right to levy personal income and corporation taxes and succession duties.

It, however, withdrew for the time being its offers in relation to old age pensions, unemployment relief and other social services outlined in its earlier Dominion proposals. The Dominion's budget proposals were definitely less satisfactory in this regard than its proposals which stood at the time of the adjournment on the 3rd of May previous. Duress then became plainly evident. The provinces were asked to negotiate with the Dominion separately. Some, perhaps a majority of the provinces, may have to surrender their rights under Dominion pressure but in the long run this course will produce national disunity and distrust.

After some months, in the Autumn of 1946, the provinces of New Brunswick, Manitoba and Saskatchewan, following conferences, indicated that they were willing to enter into agreements with the Dominion along the lines of the budget proposals. Six of the provinces indicated non-acquiescence. British Columbia then separately negotiated an agreement radically different from that offered in the Dominion budget, with the result that on December 12th, 1946, New Brunswick, on the grounds of gross discrimination, repudiated the deal which it had earlier indicated it would accept. The provinces of New Brunswick, Manitoba and Saskatchewan and later Prince Edward Island were called into conference—the other provinces of Canada were ignored. It was plain that the Dominion proposals would have to undergo a revision which would radically alter the principles of the Dominion offer. Here was the great opportunity for a resumption of the adjourned conference to evolve a settlement which would recognize the fundamental principles advanced by the majority of the provinces. Instead the Dominion ignored those provinces, including Quebec and Ontario whose combined population is 63% of the Dominion and whose combined income tax contributions are over 74% of the Dominion total. In the conference with New Brunswick, Manitoba and Saskatchewan, the Dominion offered new proposals, differing radically from anything previously offered and without attempting a general conference tendered these new proposals to the remaining provinces for acceptance or rejection.

The Minister of Finance in issuing these proposals to the press stated that they were designed, among other things:

1. "To meet the fiscal needs of the less-favored provinces by the provision of a relatively large uniform per capita payment; and
2. To meet the representations of the more-favoured provinces by reflecting in the annual payments, the productivity of the major progressive taxes."

How unsatisfactory was this plan to the Province of Ontario which was offered the second lowest per capita payment, although its tax productivity per capita on personal and corporation income tax was the highest in Canada, can be seen at a glance from the following table:

	Minimum Per Capita Dominion Plan January 1947	Estimated Per Capita 1947 Dominion Plan	Productivity Personal Income & Corporation Taxes 1945-46 Per Capita
P.E.I.....	\$23.33	\$24.31	\$32.80
Nova Scotia.....	18.39	19.20	63.84
New Brunswick.....	18.91	19.69	58.61
Quebec.....	16.63	17.29	114.68
Ontario.....	17.29	18.04	163.18
Manitoba.....	18.66	19.77	104.45
Saskatchewan.....	17.99	19.03	34.95
Alberta.....	18.02	18.64	63.22
British Columbia.....	20.83	21.29	144.41

Perhaps it will enable the honourable Members of this House to visualize more clearly the inequity of the Dominion proposals by a consideration of the following:

Out of every One Hundred Dollars, the Dominion Government collected in the fiscal year 1946 by way of personal income and corporation taxes and succession duties from each province, it proposes to pay back in rental during the year 1947, the following amounts:

Prince Edward Island.....	\$75.07 for each \$100.00
Nova Scotia.....	30.18 for each \$100.00
New Brunswick.....	33.54 for each \$100.00
Quebec.....	15.26 for each \$100.00
Ontario.....	11.11 for each \$100.00
Manitoba.....	18.63 for each \$100.00
Saskatchewan.....	52.63 for each \$100.00
Alberta.....	28.09 for each \$100.00
British Columbia.....	15.38 for each \$100.00
Average of all provinces combined.....	15.67 for each \$100.00

Some of the provinces contend that the central provinces by reason of concentration of head offices and geographical location enjoy a considerable advantage over the other provinces in the matter of personal income and corporation income taxes. Ontario recognized the validity of these arguments in its brief of January 1946 and in fact has approved of measures to assist provinces which suffer by reason of geographical location.

It will be noted, however, that the new Dominion proposal entirely reverses this situation. It not only takes away any advantage the central provinces have but places them at a considerable disadvantage. It gives the taxpaying provinces less per capita than the less favoured provinces. This is illogical and discriminatory. To this the Province of Ontario could not possibly agree.

Our whole experience in the Dominion-Provincial negotiations has been anything but reassuring. In 1942 the province made a generous sacrifice to the Dominion. There was no quibbling. In that time of national emergency there was a frank and open assignment of taxing powers which were vital to the province. We expected to receive the same treatment from the Dominion when the emergency ended. This we have not received. While we always have been prepared to negotiate, any proposals we made were summarily rejected; principles fundamental to the well-being of the province were disregarded. Finally, certain provinces were called into joint conference while Ontario and some of the other provinces were left outside to receive terms which are fundamentally unsatisfactory. An escalator formula was adopted which would perpetuate and increase this disparity. Our experience and the treatment we have received have been such that any agreement we enter into must contain safeguards for the future which will amply protect the rights of the Province of Ontario.

To make the proposal more unsatisfactory, the Minister of Finance, speaking in Toronto on January 27th, said:

"As a result of increased rental payments from the Dominion, the provinces will be able to assume, and must expect to assume, a somewhat greater financial responsibility. The Dominion will be able correspondingly to reduce some of the burden it was prepared to assume for a public investment and social security program."

Therefore, not only was the deal altered, but the premises upon which the original offers were made were changed. In Ontario, old age pensions, for instance, cost annually upwards of \$7 million, relief for unemployment has run as high as \$20 million.

Ontario is being offered a deal by which she would receive a rental lower than seven of the other provinces which have less productive taxation fields to lease and, in addition, is advised that she will have to assume some of the burden of social services which the Dominion had previously offered to carry.

The Government of Ontario has no option therefore but to reject these proposals, the acceptance of which would have been a betrayal of the interests of this province.

In the light of what I have said, I shall now submit to the House a program to provide the funds necessary for the carrying on of the great undertakings of this province and to balance its budget. In so doing, may I repeat that we are ready and anxious to resume conference with the Dominion and the other provinces. We are not asking for any huge handout from the Dominion Government. Our taxpayers contribute nearly one-half of all direct Dominion taxes. One-half of such handouts will therefore come from our own people and we recognize how unfair would be the burden which they would bear. We desire by agreement to eliminate multiple taxation and forms. We are willing to accept both the responsibility to spend and the responsibility to tax for such expenditures. We do not ask the Dominion to add to its burden, that of raising taxes for this province. In fact, we have asserted that nothing could be more unsound and divisive and nothing would tend more to add to the tax burden of the people of Canada and, incidentally, the tax burden of the taxpayers of Ontario, than that very course.

Ontario, however, is willing as she always has been, to enter into a transitory agreement with the Dominion, by which the fields of personal income and corporation tax would be rented to the Dominion on such terms and conditions as would preserve all of our rights under the Constitution, and permit, in the words of the Ontario brief, "a thorough examination of the whole Canadian tax structure for the purpose of establishing a new and revised system of taxation which will leave clearly defined and clearly divided powers to the Dominion and the provincial governments." In making this statement I may say the Government is mindful of the taxation needs of our municipalities. The problem of real estate taxation will always be kept in mind in any definition of provincial duties and taxing powers.

PERSONAL INCOME TAX

There are in the Province of Ontario upwards of three-quarters of a million income taxpayers, representing about one out of every five of our population. These Ontario taxpayers contribute more than 45 percent. of the total personal income taxes collected by the Dominion.

In 1942, during the darkest days of the war, the provinces of Canada suspended the collection of provincial income taxes and left the field clear for the Dominion. Having temporarily acquired by agreement the sole occupancy of the field of personal income tax, the Dominion made steep increases in rates of tax and, at the same time, introduced drastic cuts in the amounts of exemption. In establishing the wartime rates and exemptions, the Minister of Finance for Canada, following the maxim "Taxes are wherever you can collect them", had little if any regard for taxpayers in the lower income brackets. The principles of equal sacrifice and ability to pay were for the time being set aside by the Dominion taxing authorities. There was a

war to win—so the Government imposed onerous taxes and the people paid without grumbling, regardless of glaring fiscal inequities. Now that the war has been won the Canadian taxpayer has every right to expect the Dominion taxing authorities to give some consideration to the urgent need for tax relief.

Canada has one of the highest, if not the highest, income imposts in the world. Our rates are much heavier than those in the United States and, as a result, Canadian economy is adversely affected. One of the evil effects is seen in the exodus of highly trained personnel, particularly of young men and women who are attracted in large numbers to fields in the United States of America, one of the attractions being the imposition of lower and less onerous rates of personal income tax than obtain in this country. Moreover, there are many indications which point to a substantial decrease in the rates of income tax—possibly from 20 to 25 per cent.—becoming effective in the United States in the near future.

Heavy income taxes imposed without regard to sound principles of taxation destroy initiative, damage the national economy and, in the long run, dry up those sources of revenue from which a nation should derive the financial strength necessary to provide for expansion and development.

In these days of high living costs, where in many cases there is still a great gap between the take-home pay of wage-earners and the amount of real income necessary to raise a family, educate the children and ensure a decent standard of living, income taxes which begin at such a point in a man's income as to trench upon the necessities of life, must be abolished. There should be a sweeping reduction in personal income tax rates.

The surest and most beneficial remedy that can be suggested is to extend tax relief, especially to taxpayers in the lower income tax brackets, by increasing the present exemptions from tax, restoring them to pre-war levels.

Holding the view that there is an urgent need for sweeping income tax reductions, this government has decided not to re-enter the personal income tax field at this time. We propose to offer no impediment to drastic income tax reductions by the Dominion Government. Rather do we intend to co-operate with and assist the Dominion authorities in the event of their consenting to bring about a much needed measure of tax relief by sweeping income tax reductions.

Accordingly, Mr. Speaker, I announce that, for the Fiscal Year 1947-48, which begins on April 1st next, the Province of Ontario will impose no personal income tax. Let me emphasize the fact that not only will no personal income tax be levied by the Province of Ontario this year but the Dominion will not be required to pay to the Province of Ontario any sum in lieu thereof. In furtherance of the objective set out above, I shall during the present Session of the Legislature, introduce a bill authorizing the suspension of The Income Tax Act of Ontario for the Fiscal Year 1947-1948.

SUCCESSION DUTIES

In 1941 the Dominion entered the field of Succession Duties, which for almost fifty years had been occupied in Ontario solely by the province. This action of the Dominion caused an unnecessary and totally undesirable type of double taxation. The amounts collected by the Dominion during the war were quite insignificant as compared with the great sacrifices in revenues which the province made in vacating the field of personal income and corporation taxes. The Province of Ontario has submitted, with other provinces, that the Dominion should vacate the field of Succession Duties.

The most recent objection to the Dominion's invasion of the Succession Duties field comes from none other than Honourable J. Adelard Godbout, Leader of the Liberal Opposition in the Quebec Legislature, and Liberal Premier of the Province of Quebec from 1939 to 1944. Mr. Godbout is reported in The Montreal Daily Star of Wednesday, February 19th, 1947, to have claimed during the Debate on the Speech from the Throne, that—'in the light of what he learned of the Ottawa proposals, he felt they could not be accepted in their entirety. For example: he was against the Ottawa Government entering the Succession Duties field because, in his opinion, that should be left exclusively to the province. Furthermore, he believed that a number of taxes of another nature, now collected by Ottawa, should be retained by the provinces.'

In 1946, effective on January 1st, 1947, the Dominion doubled its rates, but at the same time provided that the amount of the provincial duties, not exceeding fifty per cent. of the Dominion duties, should be deductible. The Dominion, however, taxes much smaller estates than does the Province of Ontario. This creates a very great inequity, in fact a hardship, for these small estates and for other estates exempt from provincial duty, but now subject to Dominion tax.

One example may be cited: Ontario has never taxed a child where the amount of the estate did not exceed \$25,000. The Dominion, where the amount of the estate passing to a child was \$25,000, in 1946, levied a tax of \$725, while Ontario charged no duty. After January 1st, 1947, such a person would pay a tax of \$1,450 to the Dominion, and nothing to Ontario.

Again, if the estate were \$25,500, the comparison would be as follows:

In 1946

Ontario duty.....	\$ 293.25
Dominion duty.....	892.50
	<hr/>
Total of both duties.....	\$ 1,185.75
	<hr/> <hr/>

In 1947

Ontario duty, still.....	\$ 293.25
Dominion duty as doubled.....	\$1,795.00
Less credit for Ontario duty.....	293.25
	<hr/>
	\$ 1,501.75
	<hr/>
Total of both duties.....	\$ 1,795.00
	<hr/> <hr/>

So in 1947 the total duties would be \$1,795, instead of \$1,185.75, an increase of \$609.25—an added burden due solely to the Dominion's action in doubling its rates.

In Ontario, gifts for educational, religious, hospital, and other charitable purposes, are not taxable. Under the Dominion Act, they are only exempt to fifty per cent. of the estate. For example, in an estate of \$1,168,000, of which—say—\$168,000 was divided among a number of relatives, and the balance to charities, Ontario's Act would only tax \$168,000 at the rate applicable to that amount ignoring the \$1,000,000 to charities both for rate and tax.

In 1946

The Ontario duty would then be.....	\$	25,562.88
The Dominion duty on \$168,000 would be on the same division.....	\$15,204	
and on \$416,000 (the excess over $\frac{1}{2}$ the estate) to— say—4 charities equally.....	75,088	
		<hr/>
	\$	90,292.00
Total of both duties.....	\$	115,854.88
		<hr/>

In 1947

The Ontario duty would still be.....	\$	25,562.88
Dominion duty doubled.....	\$30,408	
	150,176	
		<hr/>
	180,584	
Less credit $\frac{1}{2}$ of 30,408.....	15,204	
		<hr/>
	\$	165,380.00
Total of both duties.....	\$	190,942.88
		<hr/>

The increased cost to the estate by the Dominion's action in doubling its rates is thus abundantly clear. The effect is to discourage gifts to charitable institutions which, while they pay no duty to Ontario, are subject to Dominion duty on the excess over one half of the estate. This was doubled, effective 1947.

Where the provincial duty was equal to or more than the Dominion duty in 1946, the doubling of the Dominion rate does not increase the total tax, but where the provincial tax was less than the Dominion, or none at all, then the doubling of the Dominion rates increased the total tax burden.

Ontario, under the Ilsley budget proposals, which have since been incorporated into the Dominion Statute, could now impose a tax on such smaller estates and on charities, up to fifty per cent. of the Dominion tax without increasing the total tax payable by the taxpayer. To do so would, however, identify the Province of Ontario with a wrong principle. The Government of the Province of Ontario maintains that these small estates and charities should not be subject to succession duty. We refuse to assume the role of a modern "Gehazi"—even though the opportunity to do so comes by way of invitation of the Dominion taxing system.

Mr. Speaker, I announce here and now the policy of the government in matters of this kind. We will not increase the burden of succession duty by any act of our own on these small estates and charitable bequests. The situation created by the Dominion Government, in doubling its succession duty rates and allowing as a credit therefrom the succession duties levied by the Province (not exceeding fifty per cent. of the Dominion tax), is one which places this Province in the position of being unable to grant any relief from the burden of succession duty in those cases where such relief could otherwise be granted.

The one just and common-sense solution of this problem is for the Dominion authorities to withdraw from the field of succession duties in favour of the Province which had occupied it exclusively for fifty years until the entrance of the Dominion in 1941.

CORPORATIONS TAX

The Government of Ontario, by agreement with the Dominion which was confirmed by The Corporations and Income Taxes Suspension Act, 1942, 6 George VI, Chapter 1 (to which the agreement is a schedule), suspended

The Corporations Tax Act, 1939, Chap. 10, until the last day of the fiscal year of the province ending nearest to the 31st day of December in the first calendar year which begins after the date of the cessation of hostilities. For the purposes of the agreement, the date of cessation of hostilities was fixed by P.C. 7409, dated December 21st, 1945, effective as at September 2nd, 1945. Accordingly The Corporations Tax Act automatically comes into operation again on the 1st day of April, 1947.

By section 20, subsection 1, of the agreement, the Dominion, for the calendar year following December 31st of the year nearest to the date of the termination of the agreement, undertook to reduce its rate of tax on corporation profits by at least ten per centum of such profits in order to enable the province again to use the corporation tax field. The Dominion government has undertaken to make this reduction effective this year. It is not the intention, however, of the government of Ontario to impose taxes on corporation profits at that level.

The tax effective January 1st, 1947, will be 7% of the corporation profits. Amendments will be introduced to the Act to this effect, and also to provide for the pre-payment of the tax with provision to prevent the imposition of tax on profits in the calendar year 1946. I have placed in the Estimates of Ordinary Revenue for the fiscal year which begins on April 1st the sum of \$38½ million, representing the amount which the tax on corporations is expected to yield.

Corporations in Ontario enjoy valuable and exceptional advantages. Among these are a plentiful supply of cheap power, modern highways, strategical location proximate to large population, excellent educational and health facilities, very generously contributed to by your provincial government. These and other numerous benefits and facilities are unrivalled upon this continent. I think it will be agreed that this tax on the profits of corporations, which impost is not above the level of our own requirements or of the taxpaying capacity of Ontario corporations, is fair and reasonable and one wholly warranted by the circumstances of the times in which we are.

GASOLINE TAX

Since 1941 the total of the above tax has been 11 cents, of which the province imposes 8 cents and the Dominion 3 cents. The Dominion tax applies not only to gasoline used on highways but on gasoline used by farmers for machinery used on the farm, by fishermen, by manufacturers and in various other uses not connected with the highways.

The Dominion is discontinuing this tax on April 1, 1947, and it is the intention of the province to raise the provincial tax to 11 cents, exempting however, farmers, fishermen, manufacturers and others using gasoline for certain commercial purposes. I anticipate the gross revenue from this additional 3 cents per gallon will amount to \$12 million.

This government is conscious of the cost being borne by our cities, towns and villages in maintaining their streets and contributing to suburban and county roads. Under the Highway Improvement Act subsidies ranging from fifty to seventy-five per cent. of the amounts expended are payable to counties, and from fifty to eighty per cent. to townships, to reimburse them in part for their expenditure on county and township roads systems. It is now proposed, by amendments to the Act, to pay subsidies, under certain conditions, to cities, towns and villages to reimburse them in part for their expenditure on municipal roads and the Minister of Highways will introduce legislation to that effect.

Towns and villages in counties, and forming part thereof for municipal purposes, will receive a subsidy of fifty per cent. of their road expenditure provided that the maximum subsidy payable shall not exceed an amount equal to the County Road Levy for the preceding year.

All cities in the province and towns and villages in Northern Ontario will receive a subsidy of fifty per cent of their road expenditure provided that the maximum subsidy payable shall not exceed an amount equal to one mill on the general assessment.

County rebates to towns and villages will be discontinued. The effect of this will be to make more money available to counties for expenditures on county roads and this will be further augmented by an equal amount payable as subsidy.

A summary of the proposed additional subsidies based on 1945 assessment and 1945 county levies follows:

Maximum Direct Subsidy to cities (1 mill).....	\$ 1,851,636.32
Maximum Direct Subsidy to separated towns (1 mill).....	24,484.22
Maximum Direct Subsidy to towns in counties, 100% county road levy.....	398,788.76
Maximum Direct Subsidy to villages in counties, 100% road levy.....	169,898.36
Maximum Direct Subsidy to towns & villages in dists. (1 mill) (1944 assessment)	121,264.48
Increase in subsidy to counties (1945).....	163,409.06
<hr/>	
Total Additional Subsidies.....	\$ 2,729,481.20
<hr/>	

I am sure the honourable Members of the House will agree that this is a substantial measure of justice to those municipalities which have heretofore received inadequate, if any, help from the Department of Highways.

In addition to the above assistance to be extended to municipalities, I have to announce that it is the intention of the government to continue this year to pay the usual one mill subsidy to every municipality in the province based upon the general assessment. I have therefore placed in the Estimates the sum of \$3,250,000, which is the estimated amount necessary to make this payment.

THE MINING TAX ACT AND THE ASSESSMENT ACT

Mining royalties are closely bound up with the province's management of and expenditure on mineral resources and mining municipalities. Ontario has long contended that these mining royalties should be a first charge on mining income and should be deductible before calculation of Dominion corporation income tax.

In the proposals of the Government of Canada in August of 1945 the Dominion Government undertook to recognize taxes on mining operations, whether of the royalty type based on volume of operations (i.e. gross rather than net income) or of the profit type based upon net income, as a prior charge, by treating such taxes as a cost or expense for Dominion Income Tax purposes. Up until the present, mining taxes based upon profits have not been allowed as a deduction for Dominion Income Tax purposes. In the Budget Speech of the Dominion Minister of Finance, on June 27, 1946, this recognition was again enunciated. This proposal was made effective whether or not the province accepted the general Dominion proposals. It was translated into legislative authority in the amendment to the Income Tax Act assented to August 31st, 1946, the allowance being granted by clause (w) of section 5 thereof.

In the past, The Mining Tax Act has levied taxes on the profits of mines remaining after the deduction of Dominion Income Taxes, at 3% on the first million dollars thereof, 5% on the next four million dollars thereof, and 6% on all such profits above five million dollars. An amendment to The Mining Tax Act will be introduced which will repeal the deduction of Dominion Income Tax on mining profits and will raise the rates, to 6% on the first million dollars of profits, 8% on the next four million dollars thereof, and 9% on all mining profits above five million dollars. As a concession to new mines and applicable only to the first three years of production thereof, there will be allowed against the aggregate tax at the new rates referred to a deduction of 50% thereof, so that such new mines will pay approximately half the amount of mining tax payable by others.

At the same time, an amendment to The Corporations Tax Act will be introduced allowing an exemption from taxable income of the full amount of mining profits taxable under The Mining Tax Act. As this amendment will delete mining profits from taxation under The Corporations Tax Act, the allowance which has previously been granted under The Corporations Tax Act for depletion or exhaustion of the mines will no longer be necessary and will not apply.

The result of the amendments to these two acts will be that mining companies will pay larger amounts in royalties but no corporation tax on mining operations to the Ontario Government. They will pay lesser amounts to the Dominion Government in corporation tax under The Income War Tax Act. The net result will be that they will pay to the two governments substantially the same amount in total taxes as they are presently paying.

The problem of our mining municipalities has been a very difficult one. Very heavy Dominion corporation taxation reduced the assessable income of mines to a very low level commencing in 1941. Municipal income was reduced to very low levels. The effect of the amendments to The Mining Tax Act above referred to will make available much larger sums for the mining municipalities.

At present, subsection 9 of section 39 of The Assessment Act entitles a municipality to levy up to $1\frac{1}{2}\%$ of the first \$2,333,333 of the profits of a mine operating in the municipality and up to $2\frac{1}{2}\%$ of the profits of the mine above such amount. This tax is deductible from the tax otherwise payable to the province under section 4 of The Mining Tax Act. It is proposed to amend this subsection of The Assessment Act to make the amount of the levy subject to the approval of the Minister of Municipal Affairs and in addition the sum of \$150,000 has been placed in the Estimates which may be distributed among such municipalities on the basis of need by the Lieutenant-Governor in Council upon the recommendation of the Minister of Municipal Affairs. The problems of the mining municipalities will continue to be the subject of study on the part of the Department of Municipal Affairs with the object of constant betterment of conditions.

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, 1947, to March 31st, 1948, and a forecast of surplus on Ordinary Account of \$367,143.11. I also forecast a decrease in the Net Debt of the Province.

Budget Forecast of Ordinary Revenue Fiscal Year April 1, 1947—March 31, 1948

Department	Gross Ordinary Revenue	Application of Revenue to Expenditure	Net Ordinary Revenue
Agriculture.....	\$ 860,529.00	\$	\$ 860,529.00
Attorney-General.....	1,561,675.00	249,800.00	1,311,875.00
Education.....	99,400.00	.....	99,400.00
Health.....	1,992,100.00	20,200.00	1,971,900.00
Highways:			
Main Office and Branch	10,000.00	.....	10,000.00
Gasoline Tax Branch.....	44,000,000.00	.....	44,000,000.00
Miscellaneous Permits Branch.....	90,000.00	.....	90,000.00
Motor Vehicles Branch.....	12,000,000.00	.....	12,000,000.00
	<hr/>		<hr/>
	\$ 56,100,000.00	.....	\$ 56,100,000.00
Labour.....			
Labour.....	\$ 149,190.00	\$ 7,000.00	\$ 142,190.00
Lands and Forests.....	10,325,000.00	.....	10,325,000.00
Mines.....	2,252,220.00	8,000.00	2,244,220.00
Municipal Affairs.....	189,100.00	.....	189,100.00
Provincial Secretary.....	605,700.00	.....	605,700.00
Provincial Treasurer:			
Main Office—Subsidy.....	3,155,007.48	.....	3,155,007.48
—Interest.....	71,229.86	.....	71,229.86
Liquor Authority Transfer Fees.....	600,000.00	.....	600,000.00
Liquor Control Board.....	26,400,000.00	.....	26,400,000.00
Controller of Revenue:			
Succession Duty.....	11,750,000.00	.....	11,750,000.00
Corporations Tax.....	38,500,000.00	.....	38,500,000.00
Race Tracks.....	2,500,000.00	.....	2,500,000.00
Security Transfer Tax.....	1,000,000.00	.....	1,000,000.00
Land Transfer Tax.....	800,000.00	.....	800,000.00
Law Stamps.....	450,000.00	.....	450,000.00
Motion Picture Censorship and Theatre Inspection Branch.....	186,000.00	.....	186,000.00
Province of Ontario Savings Office.....	389,600.00	389,600.00	.....
	<hr/>		<hr/>
	\$ 85,801,837.34	\$ 389,600.00	\$ 85,412,237.34
Public Works.....			
Public Works.....	\$ 41,000.00	\$ 3,000.00	\$ 38,000.00
Reform Institutions.....	1,258,000.00	869,000.00	389,000.00
Miscellaneous.....	50,000.00	50,000.00	.....
Public Debt—Interest, etc.....	5,629,700.00	5,629,700.00	.....
—Foreign Exchange.....	21,000.00	21,000.00	.....
	<hr/>		<hr/>
	\$ 166,936,451.34	\$ 7,247,300.00	\$ 159,689,151.34

Budget Forecast of Ordinary Expenditure Fiscal Year April 1, 1947—March 31, 1948

Department	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Net Ordinary Expenditure
Agriculture.....	\$ 7,280,006.00	\$ \$	\$ 7,280,006.00
Attorney-General.....	5,421,000.00	249,800.00	5,171,200.00
Education.....	38,504,057.68	.....	38,504,057.68
Health.....	18,500,580.00	20,200.00	18,480,380.00
Highways.....	30,000,000.00	.....	30,000,000.00
Labour.....	742,593.55	7,000.00	735,593.55
Lands and Forests.....	7,200,000.00	.....	7,200,000.00
Lieutenant-Governor.....	11,000.00	.....	11,000.00
Mines.....	754,935.00	8,000.00	746,935.00
Municipal Affairs.....	3,823,869.00	.....	3,823,869.00
Planning and Development.....	336,000.00	.....	336,000.00
Prime Minister.....	59,445.00	.....	59,445.00
Provincial Auditor.....	163,000.00	.....	163,000.00
Provincial Secretary.....	1,191,390.00	.....	1,191,390.00
Provincial Treasurer.....	1,936,745.00	389,600.00	1,547,145.00
Public Welfare.....	14,660,487.00	.....	14,660,487.00
Public Works.....	2,212,600.00	3,000.00	2,209,600.00
Reform Institutions.....	3,820,600.00	869,000.00	2,951,600.00
Travel and Publicity.....	335,000.00	.....	335,000.00
Miscellaneous.....	50,000.00	50,000.00	.....
Public Debt—Interest, etc.....	23,984,000.00	5,629,700.00	18,354,300.00
—Foreign Exchange.....	82,700.00	21,000.00	61,700.00
—Sinking Fund Instalments and Railway Aid Certificates	5,499,300.00	.....	5,499,300.00
	\$ 166,569,308.23	\$ 7,247,300.00	\$ 159,322,008.23

Budget Forecast of Capital Receipts Fiscal Year April 1, 1947—March 31, 1948

Department	Gross Capital Receipts	Application of Receipts to Payments	Net Capital Receipts
Agriculture.....	\$ 4,500.00	\$ \$	\$ 4,500.00
Highways.....	5,000.00	.....	5,000.00
Labour.....	1,500,000.00	.....	1,500,000.00
Lands and Forests.....	250,000.00	.....	250,000.00
Mines.....	75,000.00	.....	75,000.00
Provincial Secretary.....	1,811,000.00	.....	1,811,000.00
Provincial Treasurer:			
Due from Dominion Government.....	28,964,039.54	.....	28,964,039.54
Surplus Funds—Supreme Court.....	4,000,000.00	.....	4,000,000.00
Other.....	12,194,200.00	.....	12,194,200.00
	\$ 45,158,239.54		\$ 45,158,239.54
Public Welfare.....	\$ 15,752,250.00	\$ 15,752,250.00	.....
Miscellaneous.....	50,000.00	50,000.00	.....
	\$ 64,605,989.54	\$ 15,802,250.00	\$ 48,803,739.54

Budget Forecast of Capital Payments Fiscal Year April 1, 1947—March 31, 1948

Department	Gross Capital Payments	Application of Receipts to Payments	Net Capital Payments
Agriculture.....	\$ 200,000.00	\$	\$ 200,000.00
Highways.....	23,000,000.00	.....	23,000,000.00
Labour.....	1,500,000.00	.....	1,500,000.00
Provincial Secretary.....	1,200,000.00	.....	1,200,000.00
Provincial Treasurer.....	9,227,100 00	.....	9,227,100.00
Public Welfare.....	15,752,250.00	15,752,250.00	.....
Public Works.....	7,654,500.00	.....	7,654,500.00
Miscellaneous.....	50,000.00	50,000.00	.....
	<u>\$ 58,583,850.00</u>	<u>\$15,802,250 00</u>	<u>\$ 42,781,600.00</u>

SUMMARY

Budget Forecast April 1, 1947—March 31, 1948

Net Ordinary Revenue.....		\$159,689,151.3 ⁴
Less—Net Ordinary Expenditure (before providing for Sinking Funds and Maturing Railway Aid Certificates)....		153,822,708.23
Surplus (before providing for Sinking Funds and Railway Aid Certificates).....	.....	\$ 5,866,443.11
Less—Provision for Sinking Funds.....	\$ 5,481,000.00	.....
—Railway Aid Certificates.....	18,300.00	\$ 5,499,300.00
Surplus Forecast.....	.....	<u>\$ 367,143.11</u>

Now, Mr. Speaker, I shall not add to this already lengthy presentation by any extended reference to our great developmental departments. Last year I dealt at length with Lands and Forests, Game and Wild Life, Agriculture, Tourism, Planning and Development, Mines and Highways, all of which have an important part in a greater Ontario. It is sufficient to say, and the Members will readily discern, that each of the departments dealing with these great natural resources is being given sums in excess of their expenditures for the year now ending. Last year I gave figures on the great increases to all of these departments. The reasons for the increases of this year are manifest from what I said last year. We are bent upon the expansion of our province. From the development of our natural resources will come new wealth, employment, population and happy homes. We cannot stand still. We must forge ahead.

Let us not forget in these days, when we talk of social services and security of all kinds, that the means to do these things must come from expansion and development which means work—hard, honest work. Development, expansion, population and industry are the answer to our great national debt and to the full employment of which we talk. Upon these the emphasis must be placed if we are to succeed.

Let us bear in mind that our financial resources have a very definite relationship to the expansion in which we can engage. Without financial resources we have not the means with which to do our job. I assert and

emphasize that the financial position of the province of Ontario is very strong, providing we ourselves do not weaken it. Not only is our financial position strong but this great old province is pulling its full weight in the Canadian economy. Let us remember that our provincial undertakings have a very great bearing indeed on Dominion revenues and the building of a greater Canada. We do not intend to undermine the strength of our province or of Confederation by consenting to the centralization of powers which will leave the development of our great heritage in other hands. We do not ask any other authority to do our job for us. In Ontario we have had a unique experience. From 1841, for a quarter of a century, we had a unitary form of government. In 1867 we had the choice between a legislative or a unitary union and a federal system. The latter the Fathers of Confederation chose, and wisely chose. The unitary system, introduced in 1841 in the government of Upper and Lower Canada was not satisfactory. It could not work then and it cannot work now.

The assignment of our rights in the direct tax fields on the basis of the Dominion proposals would, within measurable time, place Ontario in a restricted and limited financial position which would shortly leave the development of this province, if such a development were to take place, in the hands of a central government. Such a thing would be a betrayal of the trust which has been reposed in us. The best service we can render to Canada is to keep old Ontario strong and healthy. This we intend to do.

SUB-INDEX

SUBJECT

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STATEMENT No. 1

THE PROVINCE OF ONTARIO SAVINGS OFFICE

Balance Sheet as at March 31st, 1946

ASSETS

Cash: On hand.....	\$ 752,307.79	
In banks.....	307,721.68	
		\$1,060,029.47
Deposited with the Provincial Treasurer.....		46,556,465.61
Miscellaneous Accounts Receivable.....		2,392.98
Furniture and Fixtures—Cost.....	142,061.05	
Less: Reserve for Depreciation.....	113,126.33	
		28,934.72
Alterations to Premises—Cost.....	23,665.16	
Less: Written off.....	13,761.56	
		9,903.60
		<u>\$ 47,657,726.38</u>

LIABILITIES

Depositors' Funds—		
Current.....	\$47,327,776.39	
Unclaimed.....	36,666.89	
		\$47,364,443.28
Surplus.....		293,283.10
		<u>47,657,726.38</u>

STATEMENT No. 2

Analysis of Budgeted Net Ordinary Revenue

For Fiscal Year 1947-48

DOMINION GOVERNMENT:

Annual Subsidy	\$3,155,007.48		
Interest—Common School Fund	71,229.86		
		\$3,226,237.34	2.020%

TAXATION:

Fire Marshall's Tax	75,000.00		
Gasoline Tax	44,000,000.00		
Provincial Land Tax	200,000.00		
Mining Tax	1,895,000.00		
Succession Duty	11,750,000.00		
Corporations Tax	38,500,000.00		
Race Tracks	2,500,000.00		
Security Transfer Tax	1,000,000.00		
		99,920,000.00	62.572%

ROYALTIES, DUTIES AND DUES:

Bonus and Timber	\$7,000,000.00		
Sand and Gravel	50,200.00		
		7,050,200.00	4.415%

LICENSES AND PERMITS:

Real Estate and Business Brokers	\$20,000.00		
Loan and Trust Corporations	9,435.00		
Insurance Act	206,565.00		
Motor Vehicles	12,000,000.00		
Garage, Gas Pumps, etc.	90,000.00		
Fish and Wild Life	2,200,000.00		
Miners	80,000.00		
Theatres, etc.	83,700.00		
Marriage	110,000.00		
Other Licenses and Permits	33,285.00		
		14,832,985.00	9.289%

FEES:

Brokers and Salesmen	135,000.00		
Court and Legal (Police Magistrates, Local Masters, Local and Surrogate Registrars, Crown Attorneys, Sheriffs, Division Court Clerks, Bailiffs and Witnesses)	441,075.00		
Apprenticeship Board, Boiler Inspection, Operating Engineers and Composite Inspection Branch	108,350.00		
Mines and Mining (Including Fees of Operators)	125,000.00		
Letters Patent and Supplementary Letters Patent	365,000.00		
Companies Act (Incorporation Returns and Registrar's Fees)	60,000.00		
Legislation (Private Bills)	6,700.00		
Tuition Fees	290,688.00		
Registry Office and Land Transfer	800,000.00		
Law Stamps	450,000.00		
Liquor Authority Transfer Fees	600,000.00		
Censorship	102,000.00		
Public Health (Laboratories and Nurses' Registration, T.B. Pre- vention X Ray Service, Industrial Hygiene X Ray Service)	169,050.00		
Other	337,790.00		
		3,990,653.00	2.499%

FINES AND PENALTIES:

Police Magistrates	\$300,000.00		
Other	5,200.00		
		305,200.00	.191%

PROFITS FROM TRADING ACTIVITIES:

Liquor Control Board (Profits, Fines, etc.)		26,400,000.00	16.532%
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AGRICULTURE AND PUBLIC DOMAIN:

Rentals—Crown Leases and Licenses of Occupations	\$ 740,000.00		
Rentals—Parks and Beaches	24,500.00		
Rentals—Mining Leases and Licenses of Occupation	51,035.00		
		815,535.00	.511%

SALES OF MATERIAL:

Produce, Live Stock, Equipment		613,368.00	.384%
RENT BOARD, MAINTENANCE OF PATIENTS, ETC.		2,159,433.00	1.352%
REPAYMENTS		36,950.00	.023%
MISCELLANEOUS		338,590.00	.212%
		<u>\$159,689,151.34</u>	<u>100.000%</u>

STATEMENT No. 3
STATEMENT SHOWING SURPLUS OR DEFICIT
For the Period from July 1st, 1867 to March 31st, 1947

	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.....	108,214,063.15	92,264,245.06	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.....	128,368,864.36	126,802,964.37	1,565,899.99	
" " " " " 1947**.....	147,127,500.00	146,673,500.00	454,000.00	

*NOTE—Revenue and Expenditure figures for the years 1867 to 1907 inclusive comprise both ordinary and capital revenue and expenditure. Revenue and Expenditure from 1923 to 1946 inclusive shown as net after applying certain revenues as a reduction of expenditure.

**Gross Interim figures only.

STATEMENT No. 4

PROVINCE					
Statement of Gross					
1914—					
Fiscal Year	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	30,08,000	48,676,000
1945.....	646,484,000	20,044,000	95,475,000	30,208,000	40,492,000
1946.....	639,315,000	7,169,000	93,946,000	30,208,000	36,742,000

*Five months ended March 31st.

**Population as per Dominion Bureau of Statistics' Estimates as shown in Canada Year Book 1946, p. 127.

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

STATEMENT No. 4

OF ONTARIO

and Net Debt

1946

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.	3,473,000	79.95
294,687,000	2,058,000	299,441,000	21,767,000	1933 "	3,512,000	85.26
297,284,000	2,597,000	358,477,000	59,036,000	1934 "	3,544,000	101.15
295,971,000	1,313,000	378,415,000	19,938,000	1934 "	3,544,000	106.78
283,520,000	12,451,000	406,039,000	27,624,000	1935 "	3,575,000	113.58
251,024,000	32,496,000	405,436,000	603,000	1936 "	3,606,000	112.43
239,781,000	11,243,000	438,294,000	32,858,000	1937 "	3,637,000	120.51
234,499,000	5,282,000	478,268,000	39,974,000	1938 "	3,672,000	130.25
229,875,000	4,624,000	507,203,000	28,935,000	1939 "	3,708,000	136.79
223,448,000	6,427,000	506,200,000	1,003,000	1940 "	3,747,000	135.09
217,643,000	5,805,000	507,128,000	928,000	1941 Cen.	3,788,000	133.88
209,423,000	8,220,000	495,441,000	11,687,000	1942 Est.	3,884,000	127.56
184,034,000	25,389,000	482,494,000	12,947,000	1943 "	3,917,000	123.18
166,175,000	17,859,000	480,309,000	2,185,000	1944 "	3,965,000	121.14
160,896,000	5,279,000	478,419,000	1,890,000	1945 "	4,004,000	119.49

PROVINCIAL DEBT

Statement Showing Investment Thereof as at March 31, 1946

FUNDED DEBT—

Stock and Debentures Outstanding.....	\$583,259,153.32
Railway Aid Certificates.....	53,200.51
	<u>583,312,353.83</u>
Less—Sinking Funds.....	22,524,416.57
Total Funded Debt.....	<u>560,787,937.26</u>

UNFUNDED DEBT—

Savings Office Deposits.....	\$ 47,364,443.28
Bank Overdraft.....	14,101,300.40
Special Funds, etc.....	7,660,516.26
	<u>69,126,259.94</u>
ACCOUNTS PAYABLE AND ACCRUED INTEREST.....	9,401,126.32
Gross Debt.....	<u><u>\$639,315,323.52</u></u>

INVESTMENT THEREOF—

Revenue Producing and Realizable Assets—

Hydro-Electric Power Commission Advances.....	\$ 93,946,493.62
Temiskaming and Northern Ontario Railway.....	30,207,934.92
Loans—Farm, Municipal, etc.....	28,090,468.31
Accounts Receivable.....	8,651,103.08
	<u>\$160,895,999.93</u>

Revenue Producing but not Realizable Assets—

Roads and Highways.....	\$363,844,170.22
Niagara Parks Commission (Surplus of Assets).....	914,912.36
Dominion of Canada—Common School Fund.....	1,424,597.20
Dominion of Canada—Debt Account.....	2,848,289.52
	<u>369,031,969.30</u>

Total Revenue Producing Assets.....\$529,927,969.23

Non-Revenue Producing Assets—

Public Buildings, Public Works, etc.....	\$118,283,763.74
Equipment, Stores and Materials.....	3,271,584.04
Other Loans and Advances.....	3,856,162.77
	<u>125,411,510.55</u>

Other Assets—

Unemployment (Direct) Relief (Less amount written off).....	\$14,045,036.40
Discount on Debentures, etc. (Less proportion amortized).....	4,068,893.38
	<u>18,113,929.78</u>

Total Assets.....\$673,453,409.56

SURPLUS AND RESERVES—represented in above Assets.....\$ 34,138,068.04

GROSS PROVINCIAL DEBT

Statement Showing Decrease

For Fiscal Year, April 1, 1945, to March 31, 1946

	1943		1944		1945		1946		Decrease 1946 over 1945	
	\$	c.	\$	c.	\$	c.	\$	c.	\$	c.
Funded Debt . . .	610,404,929.97		609,703,362.81		582,588,472.83		560,787,937.26		21,800,535.57	
Unfunded Debt . .	84,784,377.39		47,102,851.93		54,181,383.26		69,126,259.94		14,944,876.68	
Income Liabilities	9,675,053.74		9,721,748.65		9,713,655.51		9,401,126.32		312,529.19	
GROSS DEBT	704,864,361.10		666,527,963.39		646,483,511.60		639,315,323.52		7,168,188.08	

DECREASE IN GROSS DEBT ACCOUNTED FOR THUS—

Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates	\$ 18,251.86
Sinking Fund Instalments	5,352,000.00
Surplus on Ordinary Account (as per Statement No. 1)	1,565,899.99

\$ 6,936,151.85

Discount on Debentures, written off	862,204.76
Earnings on Sinking Fund Investments (net)	11,025.22

Net Repayments on Loans Receivable—

Hydro-Electric Power Commission of Ontario	\$ 1,528,198.38
Agricultural Development Board	3,700,000.00
Tile Drainage	43,495.78
Miscellaneous	117,005.81

5,388,699.97

Increase in Reserves (net)	461.51
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Decrease in Income Liabilities	312,529.19
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\$ 13,511,072.50

Deduct—

Capital Disbursements—

Disbursements on Highways, Public Buildings and Works, etc.	\$ 5,497,995.03
Less—Capital Receipts	326,275.35

\$ 5,171,719.68

Discount on Debentures, etc., issued during year (net)	101,300.00
Payments re Guaranteed Debentures (net)	806,144.24
Increase in Co-operative Marketing Loans (net)	258,914.40
Increase in sundry Assets of Savings Office	4,806.10

6,342,884.42

NET DECREASE \$ 7,168,188.08

NET PROVINCIAL DEBT

Statement Showing Decrease

For Fiscal Year, April 1, 1945, to March 31, 1946

	1934		1944		1945		1946		Decrease 1946 over 1945	
	\$	c.	\$	c.	\$	c.	\$	c.	\$	c.
Gross Debt.	704,864,361.	10	666,527,963.	39	646,483,511.	60	639,315,323.	52	7,168,188.	08
Revenue Producing and Realizable Assets.	209,423,069.	77	184,034,399.	51	166,174,554.	45	160,895,999.	93	5,278,554.	52
NET DEBT.	495,441,291.	33	482,493,563.	88	480,308,957.	15	478,419,323.	59	1,889,663.	56

DECREASE IN NET DEBT ACCOUNTED FOR THUS—

Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.	\$	18,251.	86
Sinking Fund Instalments.		5,352,000.	00
Surplus on Ordinary Account (as per Statement No. 1).		1,565,899.	99
	\$	6,936,151.	85
Discount on Debentures—written off.		862,204.	76
Earnings on Sinking Fund Investments (net).		11,025.	22
Increase in Reserves (net).		461.	51
Miscellaneous Decreases.		8,455.	24
Decrease in Income Liabilities.		312,529.	19
	\$	8,130,827.	77

Deduct:

Capital Disbursements—

Disbursements on Highways, Public Buildings and Works, etc.	\$	5,497,995.	03
Less—Capital Receipts.		326,275.	35
	\$	5,171,719.	68
Discount on Debentures, etc., issued during year (net).		101,300.	00
Increase in Savings Offices—Furniture and Fixtures and Alterations to Premises.		4,590.	10
Increase in Other Loans and Advances.		54,338.	97
Decrease in Accrued Interest on Agricultural Development Board Debentures.		834,493.	85
Decrease in Income Accounts Receivable.		74,751.	61
		6,241,194.	21
NET DECREASE.	\$	1,889,633.	56

