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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**

**Friday, April 2, 1948**

**On Moving the House into Committee of Supply**

Also Statements of

**COMPARATIVE AND STATISTICAL  
INFORMATION**



ONTARIO

THE KING'S PRINTER, TORONTO, 1948







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**BUDGET ADDRESS**  
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**THE HON. LESLIE M. FROST**  
TREASURER OF THE PROVINCE OF ONTARIO

in the  
**LEGISLATIVE ASSEMBLY OF ONTARIO**  
FRIDAY, APRIL 2, 1948

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Mr. Speaker:

In support of the historic resolution that you do now leave the chair and the House resolve itself into Committee of Supply, I take the opportunity of again presenting to this House a complete statement of Revenue and Expenditure for the fiscal year ending 31st March, 1948.

The year just closed is the first fiscal year since the wartime tax suspension agreements were entered into, that the province has operated without a subvention from the Dominion, other than the Confederation subsidy. In the ordinary course of things we might have said that this was the first normal year. Actually, it was far from a normal year. The aftermath of the war and the troubled international situation have projected themselves into the affairs of the province. Prices have risen to an inflationary level. The Dominion Government is maintaining the Canadian dollar at parity with the United States dollar. This has noticeably affected some of our primary industries and particularly gold mining. The Dominion Government has seen fit to impose restriction on imports, embargoes on certain exports and other restrictive controls, with the result that we are far from operating on a normal peacetime basis.

It is disappointing that such should be the case. We had all hoped that it would be otherwise. We, however, should not allow ourselves to be blinded by the difficulties and irritations of the days in which we live. We should not let these things obscure the great days of development and the days of trade, commerce and expansion which lie ahead. Whether we agree or disagree with measures which have been taken to meet our economic problems, I am quite sure that there is no disagreement on this point, namely, the ability of Canadians to surmount our present difficulties and to grasp our opportunities, the like of which have come to very few people.

Canada, as a whole, has undergone a very remarkable transformation in its comparatively short history. Our first development was as a primary producer. Fur trading and fishing first attracted European enterprise to North America, then came the development of the lumber industry. Agriculture became a great industry indeed and gave Canada a place in the markets of the world. The great importance of our natural products of farm, forest and mine, accustomed us to think of Canada mainly as a primary producer. A change came about early in this century and was hastened by the First World War.



Canada has become the second largest manufacturing country in the Empire. We are in third place in export trade among the nations of the world. This is a most impressive record for a country so little removed in time from the pioneering stage as is Canada. The resounding blows of pioneer axes are not too far removed from any of us. We are still one with our pioneer forefathers. We are a very young country with a fine record of achievement and with very brilliant prospects.

Our province is centrally located with respect to the whole of Canada. We are an empire in extent. Ontario extends 1,000 miles from east to west and from south to north. We have a total area of 412,582 square miles, of which 363,282 square miles consist of land and 49,300 square miles of water. Our interest in, and ownership of, the Canadian part of the Great Lakes, Superior, Huron, Erie and Ontario, are among our richest possessions. Of our land area about 237,000 square miles are in forests still belonging to the people of Ontario. Our mineral development is only in its infancy. Our standards of living and nutrition are much higher than in the old world. There is no comparable area in the new world where they are higher. We are attracting people from other countries. We are attracting over one-half of all of the immigrants coming to Canada and indeed a substantial population has migrated here from other parts of Canada.

Ontario is the leading industrial province of Canada. Many factors have contributed to this position—abundant natural resources, water power, transportation and strategic location in the North American continent. The rapid development of railways and highways which now span the province provides efficient transportation. On every hand is expansion and development. One has only to look around to see this. Our industry covers a wide range—iron, steel, non-ferrous metals, chemicals, synthetic rubber, pulp and paper, wood-working, glass fabrics, plastic products, nylon fabrics, agriculture, mining, tour-

ism—the whole constituting a field of endeavour and opportunity challenging our powers of description. We have a greater volume of skilled labour, new craft skills, new techniques and new ideas for industry, than at any time in our history. Our Ontario Research Foundation, as well as the work of Canadian universities, is enabling industry to make great advances in new products for pulpwood, plastics and chemicals.

Taking the manufacturing industry alone and omitting agriculture, forest and mineral products, the net value of Ontario's manufactures is one-half of the total Canadian production. We are responsible for 68 per cent. of Canada's total iron and steel production and almost its entire output of automobiles, agricultural implements and scientific equipment. In 1946, we had over 15,500 manufacturing establishments, large and small, using about 4½ billion dollars in capital, employing over 600,000 workmen, paying a billion dollars in wages and using 2¼ billion dollars in materials, with a gross production of between 4 billion and 5 billion dollars.

So great has been our industrial development that we are paying nearly 50 cents of every tax dollar which goes into the federal treasury. We are a paying partner in our federal system. I am glad to say that the financial position of our province and of our municipalities, which are part of the provincial system, is strong. It is our obvious job to keep our financial position strong. As a great and expanding province we shall constantly undertake more commitments and added responsibilities.

Our fertile, arable lands are responsible for our leadership and the value of our agricultural products. In 1947 the cash farm income was about 546 million dollars. We produced more agricultural products than any other province, and our farm income is the largest. Last August over 350,000 persons were employed in farming. Our extensive forest industries in 1946 produced \$150,000,000 in wages and work for 100,000 people. Great new well-planned communities are



coming into being. Undoubtedly the days to come will see emphasis on iron ores and base metals. The iron and steel industry plays a predominant role in Ontario's economy, and will continue to assume greater proportions as a dynamic factor in the production of new wealth.

While as a province we have no coal resources, this deficiency is offset very considerably by vast water power resources which make possible the development of large amounts of electrical energy.

We are indeed a fortunate people. We have an abundance of natural wealth. We have a very high standard of living. Let not these things spoil us. There is a very definite place for thrift and avoidance of waste, and for real conservation, and this applies particularly to electrical energy. Let us remember that electrical power provides all manner of home conveniences, a better standard of living, work and wages for hundreds of thousands of workmen, and is in large measure the life blood of the nation's economy. In Ontario power is cheap and freely used. We use four times as much power per capita in Ontario as in Great Britain, and twice as much as in the United States. In the past eight years the average domestic consumption has increased from 175 kilowatt hours monthly to 226 kilowatt hours. This indicates that we are all using more electrical energy for one purpose or another.

It is not difficult for us to conserve electrical energy; it is so easy for us to waste. All of us should remember that electrical energy keeps the wheels of

industry going, enables us to maintain a high level of employment, helps us to manufacture the necessary goods for export and is indispensable if we are to retain our present high standard of living. We should not waste this vital resource—electrical energy.

The very great increase in the use of electrical power is, of course, in main attributable to the fact that we are geared to a peak-load of industrial expansion. From the inception of hydro there has been an approximate annual increase of 10 per cent. in demand. In 1937, following the repudiation of the Quebec contracts, the Commission urged the necessity of maintaining large amounts of power reserve, and it urged that it was unsafe to make provision for growth in primary demand for less than 7 per cent. annually. This was accepted. This probable best provision has been out-distanced. With the conclusion of the war and the conversion of war industries in 1945, one would have thought it reasonable that the demand should fall off. Instead, it has hugely increased. From September, 1946, to September, 1947, the demand increased by 460,000 horse-power, or 19.6 per cent. in one year. This enormous increase in electrical power demand is indicated when compared with the fact that 2,680,000 horse-power was our total available supply at that time.

We shall have some difficulties in the long dark winter months for a year or two, the alleviation of which will commence next September. The following is a list of new developments presently being constructed which will correct the situation:

<i>Name</i>	<i>Place</i>	<i>Horse-power Capacity</i>	<i>Estimated Date in Operation</i>
Stewartville.....	Madawaska.....	80,000	Sept., 1948
Des Joachims.....	Ottawa River.....	480,000	½ June, 1950 ½ June, 1951
Chenau.....	Ottawa River.....	158,000	1951
Aguasabon.....	Long Lac Diversion.....	53,000	Sept., 1948
Tunnel Site.....	Mississagi River.....	56,000	1950
Pine Portage.....	Nipigon River.....	80,000	1950-1951
Ear Falls.....	Patricia District.....	7,500	1948
		914,500	



These developments are being proceeded with at an estimated cost of over \$300,000,000, a portion of which is already financed. The development of the St. Lawrence River is in prospect, where our share of the additional power to become available will be over a million horse-power. No doubt, future plans will include a more efficient development at Niagara, where a large block of additional power will be generated.

I believe you will all agree that in this period of shortage, now at its most acute point, we should utilize our power resources in a manner calculated to facilitate rather than to impede the industrial development of this province and, in industrial development, I include agriculture, which we must not forget is still our principal single industry. The importance of the Ontario farmer to the national economy is well recognized. In a province such as Ontario, the maintenance of the farmer's position must be, at all times, a matter of chief concern.

Ways and means must be sought continually to give the farmer the most modern methods of production and marketing. Not less important, the farmer must be provided with opportunities for a home life comparable in convenience and comfort to that enjoyed by the urban dweller. Educational facilities, good roads, snow-plowing in the winter, hydro-electric power are among the prime necessities which we as a province must make available to our rural dwellers. There is no doubt whatever that the extensive use of electricity on the farm means reduced cost and increased production. To the mixed farming, which is typical in Ontario, hydro is an indispensable requirement.

Among our needs as a growing and expanding province, great, new blocks of power for domestic, industrial and agricultural use is only one. In order that a great portion of our province shall not be isolated industrially, frequency conversion from 25 cycle to 60 cycle is among our absolute requirements. This will involve large sums

of money and the use of our credit, as will also our housing plans, which have already been outlined in some detail in this House. Before turning to our fiscal position and plans for the future, I shall first deal with another matter.

### DOMINION-PROVINCIAL RELATIONS

From the brief account which I have given, it will be seen that our problems are those of an expanding economy. At this stage, it is important to bring into bold relief the problems with which we have been confronted in the Dominion-Provincial negotiations, and for which, due to the failure of the Dominion Government to reconvene the Conference, no successful solution has yet been found. It will be seen quite readily that with our industrial expansion we shall have a multiplicity of new problems relating to matters of health, welfare, education, roads, public works and, last, but not least, the preservation of our credit, which is one of our greatest assets. Last year I said:

"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."



In other words, our province was not interested in large minimum payments, but rather in the productivity of the major direct taxes which most truly reflect the fiscal power to meet the days of expansion and development which lie ahead.

It will be remembered that last year this Government, in order to assist the Dominion Government to make sweeping income tax reductions, did not impose a personal income tax, although Ontario might have imposed a tax of 5 per cent. of the Dominion tax, which would have been deducted from the Dominion tax and therefore would not have increased the level of the total personal income tax in this province. The Province of Ontario, however, did impose a 7 per cent. corporations tax. Some of the honourable members of the Opposition expressed great concern because, they pointed out, the province would receive approximately \$20,000,000 less revenue than it would have received had the Government surrendered our taxing rights and accepted in lieu thereof for this year ending March 31, 1948, the sum of \$74,438,000. The spread was actually not \$20,000,000, taking into consideration the potential of at least a 5 per cent. income

tax which would have produced \$15,800,000 without raising the level of our income taxpayers. However, some of the honourable members of this House argued that we should surrender the taxing rights of this province in return for what they considered to be the glittering prize of \$74,438,000. This Government took the position that the price was too great and that in so doing, even if a greater sum were realized from the Dominion, we should be surrendering our financial freedom and that within a short time the Province of Ontario would be unable, because of the lack of financial resources, to carry out the great work which it is hers to do.

In the light of one year's experience, it is now possible to convince some of the honourable members of this House, and to others outside of this House who cast doubt upon the wisdom of this Government's actions. Instead of projected figures, we can now give you actual figures, and I am sure that every member of this House will now commend this Government for its wisdom and foresight in protecting the future of this province.

The following table shows the exact position as of March 31, 1948.

DOMINION GOVERNMENT'S PROPOSED PAYMENT TO THE ONTARIO GOVERNMENT UNDER DOMINION-PROVINCIAL TAX AGREEMENT COMPARED WITH REVENUE FROM TAX AND OTHER SOURCES RETAINED BY THE PROVINCE

FISCAL YEAR ENDED MARCH 31, 1948

<i>Proposed Dominion Rental Payment</i>	<i>Ontario Government's Revenue from Tax and Other Sources Retained</i>
\$	\$
(Adjusted in accordance with population and gross national product per capita)..... 74,438,000*	Statutory Subsidy..... 3,226,000
	Personal Income Tax..... (Not collected)
	Corporations Tax..... 50,000,000
	Succession Duties..... 17,500,000
	Amount received in mining royalty in excess of what could have been collected under the Dominion proposal without raising the level of taxation..... 1,337,000
	72,063,000
	Personal income tax at 5% of Dominion tax and deductible therefrom which can be im- posed by Ontario without increasing the tax presently payable by the taxpayer..... 15,800,000
	87,863,000
<u>74,438,000</u>	

\*House of Commons Debates, July 9, 1947, p. 5418. Hon. D. C. Abbott in January, 1947, was \$73,969,000. Estimated Rental Payment to Ontario in proposal of



From the foregoing, it is apparent that the Dominion was offering us \$74,438,000 for tax fields worth at present rates \$87,863,000, and from which, without entering the personal income tax field, which is a potential tax the province has in reserve, we collected no less than \$72,063,000. By accepting the Dominion offer, not only would we have been accepting much less than we should have received on any formula, but we would have been selling our financial freedom and the means with which to do the great things this province is to be called upon to do this year and in the future. Overwhelmingly significant, we should have jeopardized our credit upon which we must depend for the great expansion programme which I shall outline presently.

The financial benefits accruing to this province as a result of the non-acceptance of the Dominion's tax proposals must now be understood and fully appreciated by every member of this Assembly. In sharp contrast to our own comfortable situation due to our insistence upon retaining our constitutional taxing powers, is the plight in which one of the agreeing provinces finds itself after one full year of functioning within the framework of the Dominion-Provincial Tax Agreement. The province I have in mind is British Columbia. That wealthy province has a population of about one million souls—approximately one-quarter the population of Ontario. Its economy, in several respects, resembles the economy of our own province. The production of the four more important industries, agriculture, fisheries, forestry and mining, approximated, in line with its population, about one-quarter of that of Ontario.

The Province of British Columbia is one of the agreeing provinces, having signed the Dominion-Provincial Tax Agreement in 1946. The policy of that Government was outlined in an address delivered in the British Columbia Legislature on February 17, 1947, by the Honourable John Hart, then Premier of British Columbia. In his

address, Mr. Hart said in part (pages 13 and 14 of the printed copy of his address):

"Thus the agreement measures up to all the requirements I constantly reiterated.

"It avoids double taxation.

"It does not encroach upon our constitutional rights.

"It gives us approximately what we would have received had we re-entered the tax fields affected.

"It provides an expanding revenue to meet our growing requirements.

"It takes into account the need for greater social security and high-level employment."

After such a glowing announcement of what the Dominion-Provincial Agreements were expected to mean to the economy of British Columbia, it will be interesting and enlightening to turn to the budget address of Honourable Herbert Anscomb, Minister of Finance of British Columbia. The address was delivered on March 17, 1948. It contains, on pages 42 and 43, two statements of more than ordinary significance. I quote:—

"Let us now examine the effect of this agreement on our provincial economy. We were told that in 1940 the gross national product amounted to \$6,708,000,000. The taxes we surrendered to the Dominion under the war tax agreement were valued at \$12,048,000, and, of course, were related to our provincial proportion of the said product. We are now advised that the gross national product has risen to, at least, \$13,052,000,000; we know that our population has increased during that period at a greater rate than in most areas of the Dominion; and, we also know that, relatively speaking, a larger amount of industrial development took place during that period. We, therefore, have every reason to assume that, had we retained all our taxing rights, we would have enjoyed an increased yield from the tax fields



originally surrendered; but while it is not possible to say what our position would have been had we not given up the tax fields referred to, I think it can be assumed we would have collected in our own right a very considerable sum. We have to remember, however, that in completing the agreement we were compelled to impose a 5 per cent. tax on corporations until all the provinces had signed the agreement and we have done that. It looks as if we will continue to do so because indications are that neither Quebec nor Ontario proposes to come in. In effect that means that we collect 5 per cent. from our own industrial and other corporations, handing the money over to the National Government to apply on the \$22,000,000 to \$23,000,000 that they give us."

On page 50, the statement there recorded gives every indication that insofar as the budgetary requirements of the Province of British Columbia are concerned, the Dominion-Provincial Tax Agreement has not turned out to the entire satisfaction of the province. I quote from Mr. Anscomb's address:—

"Mr. Speaker, I now wish to call attention to the Government's proposal concerning new taxation. The Honourable the Premier, in his speech on policy, has already stressed the need for additional revenue sources to enable the province to carry on the programme of social advancement and social security apparently desired by the majority of our people. As you are aware, by the terms of the Dominion-Provincial Agreement ratified by this House last year, we are unable to enter the fields of corporation, corporation income and personal income taxation and succession duties, with the exception of the 5 per cent. corporation income tax which is offset against the rental fee paid by the Dominion.

"While some measure of increased revenue is available through higher timber royalty charges and from

greater liquor profits, gasoline tax, motor vehicle licence fees, etc., the possible volume is quite inadequate. *There is, therefore no alternative but to consider the only source of revenue capable of yielding sufficient funds, which is still open to us by constitutional right and by the terms of the existing Agreement with the Dominion.*"

The important factor revealed is that the financial results of the Dominion-Provincial Tax Agreement have proved disappointing and inadequate to meet the needs of British Columbia's expanding economy. Therefore, we underscore Mr. Anscomb's words:

"There is, therefore, no alternative but to consider the only source of revenue capable of yielding sufficient funds."

And that alternative, Mr. Speaker, is that the Province of British Columbia must resort to the introduction and levying of a sales tax, imposing a tax of 3 per cent. on all retail sales, to equal an estimated revenue of \$12,000,000.

Compare this with the position of the Province of Ontario with no sales tax and no personal income tax, free from any financial strait-jacket, but with its full financial freedom to raise without restrictions revenues from sources best able to pay.

From press reports, the Dominion Government surplus this year may exceed \$800,000,000. Obviously, the course taken by Ontario has helped rather than hindered the Dominion, which has been relieved of the necessity of raising approximately \$74,000,000 to hand over to Ontario by way of a subvention.

The Dominion does not have to face this heavy obligation, and finds itself in a substantial surplus position. There is every reason why the Dominion should now reconvene the Dominion-Provincial Conference when plans might be laid for it to implement its pledges relative to old-age pensions for every one over 70 years of age without



means test, and for other social security measures which have been advanced by both the Dominion and the provinces. The delay in reconvening the Conference can not be justified. Today, the Government of Ontario reiterates its oft-repeated request, that the Dominion Government reconvene the Conference.

Mr. Speaker, with permission of the House, I now table the Interim Statement of Ordinary Revenue for the fiscal year April 1, 1947, to March 31, 1948, consisting of 10 months' actual receipts and 2 months' forecast. Our estimated receipts reflect the prosperity of this province and the wisdom of the

Government in retaining our own taxing powers, the buoyancy of which is indicated in our total net ordinary revenue, which amounts to \$190,850,000.

I also table the Interim Statement of Ordinary Expenditure for the same fiscal period. I may say that despite the buoyancy of our revenues, we adhere generally to the plan of expenditures outlined in the budget of a year ago. We expended about \$1,800,000 more on health and about \$5,000,000 more on highways. Otherwise, our Estimates were generally adhered to, with the result that our net Ordinary Expenditures total \$165,811,000.

#### INTERIM STATEMENT OF ORDINARY REVENUE

FISCAL YEAR APRIL 1, 1947—MARCH 31, 1948

10 MONTHS' ACTUAL—2 MONTHS' FORECAST—12 MONTHS

<i>Department</i>	<i>Gross Ordinary Revenue</i>		<i>Application of Revenue to Expenditure</i>		<i>Net Ordinary Revenue</i>	
	\$	c.	\$	c.	\$	c.
Agriculture.....	892,000.00				892,000.00	
Attorney-General.....	1,524,000.00		237,000.00		1,287,000.00	
Education.....	122,000.00				122,000.00	
Health.....	2,248,000.00		21,000.00		2,227,000.00	
Highways:						
Main Office and Branches.....	10,000.00				10,000.00	
Gasoline Tax Branch.....	46,800,000.00				46,800,000.00	
Miscellaneous Permits Branch.....	138,000.00				138,000.00	
Motor Vehicles Branch.....	13,000,000.00				13,000,000.00	
	59,948,000.00				59,948,000.00	
Insurance.....	280,000.00				280,000.00	
Labour.....	207,000.00		7,000.00		200,000.00	
Lands and Forests.....	10,424,000.00				10,424,000.00	
Mines.....	2,538,000.00		7,000.00		2,531,000.00	
Municipal Affairs.....	259,000.00				259,000.00	
Provincial Secretary.....	659,000.00				659,000.00	
Provincial Treasurer:						
Main Office—Subsidy.....	3,155,000.00				3,155,000.00	
Interest.....	71,000.00				71,000.00	
Liquor Authority Transfer Fees.....	1,300,000.00				1,300,000.00	
Liquor Control Board.....	34,000,000.00				34,000,000.00	
Controller of Revenue Branch:						
Succession Duty.....	17,500,000.00				17,500,000.00	
Corporations Tax.....	50,000,000.00				50,000,000.00	
Race Tracks.....	2,833,000.00				2,833,000.00	
Security Transfer Tax.....	800,000.00				800,000.00	
Land Transfer Tax.....	1,100,000.00				1,100,000.00	
Law Stamps.....	600,000.00				600,000.00	
Motion Picture Censorship and Theatre Inspections Branch.....	225,000.00				225,000.00	
Province of Ontario Savings Office.....	411,000.00		411,000.00			
	111,995,000.00		411,000.00		111,584,000.00	
Public Works.....	41,000.00		3,000.00		38,000.00	
Reform Institutions.....	1,545,000.00		1,146,000.00		399,000.00	
	192,682,000.00		1,832,000.00		190,850,000.00	
Public Debt Interest, Exchange, etc.....	6,671,000.00		6,671,000.00			
	199,353,000.00		8,503,000.00		190,850,000.00	



## INTERIM STATEMENT OF ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1947—MARCH 31, 1948

10 MONTHS' ACTUAL—2 MONTHS' FORECAST—12 MONTHS

<i>Department</i>	<i>Gross Ordinary Expenditure</i>		<i>Application of Revenue to Expenditure</i>		<i>Net Ordinary Expenditure</i>	
	\$	c.	\$	c.	\$	c.
Agriculture.....	7,851,000.00				7,851,000.00	
Attorney-General.....	5,144,000.00		237,000.00		4,907,000.00	
Education.....	38,582,000.00				38,582,000.00	
Health.....	20,243,000.00		21,000.00		20,222,000.00	
Highways.....	34,919,000.00				34,919,000.00	
Insurance.....	92,000.00				92,000.00	
Labour.....	686,000.00		7,000.00		679,000.00	
Lands and Forests.....	7,600,000.00				7,600,000.00	
Lieutenant-Governor.....	11,000.00				11,000.00	
Mines.....	724,000.00		7,000.00		717,000.00	
Municipal Affairs.....	3,778,000.00				3,778,000.00	
Planning and Development.....	506,000.00				506,000.00	
Prime Minister.....	41,000.00				41,000.00	
Provincial Auditor.....	160,000.00				160,000.00	
Provincial Secretary.....	1,376,000.00				1,376,000.00	
Provincial Treasurer.....	2,238,000.00		411,000.00		1,827,000.00	
Public Welfare.....	14,000,000.00				14,000,000.00	
Public Works.....	1,723,000.00		3,000.00		1,720,000.00	
Reform Institutions.....	4,647,000.00		1,146,000.00		3,501,000.00	
Travel and Publicity.....	365,000.00				365,000.00	
Stationery Account.....	20,000.00				20,000.00	
	144,706,000.00		1,832,000.00		142,874,000.00	
Public Debt—Interest, Exchange, etc.....	24,109,000.00		6,671,000.00		17,438,000.00	
Sinking Fund Instalments and Railway Aid Certificates.....	5,499,000.00				5,499,000.00	
	174,314,000.00		8,503,000.00		165,811,000.00	

Since we assumed office we have endeavoured to finance the advances of the future out of the savings achieved by better management. Therefore, in 1945 and 1946 we applied the surplus which we had accumulated in those years against the increased grants to education. This enabled us to absorb into our budgetary plans, increases of nearly \$25,000,000 in grants to education without any increase in taxation, and with continuously balanced budgets. In the year 1946-1947, by careful administration we were able to overtake an estimated deficit for that year of \$21,065,694.35, and instead achieved a surplus. Now we are accumulating against our capital commitments for highways and various public works with the object of keeping our net debt completely in hand. Accordingly, during the past year, we have scrutinized all expenditures in order to apply the surplus of our buoyant revenues to the reduction of net debt, which improves

our general financial position and helps to finance the great capital commitments I shall presently outline.

I now table a summary which shows that after making full provision for sinking funds and maturing railway aid certificates, we have the largest surplus in the history of this province, amounting to \$25,039,000.00. This surplus which we have striven to accumulate with the increased revenues over estimates, will be of inestimable value in carrying out the great undertakings of the province upon which we are embarking.

With the permission of the House, I table an Interim Statement of Gross and Net Capital Receipts for the fiscal year ending March 31, 1948, the total net capital receipts amounting to \$50,447,000.

I also table a statement of Capital Payments, the same amounting to \$42,694,000.



## SUMMARY

## ORDINARY REVENUE AND ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1947—MARCH 31, 1948

10 MONTHS' ACTUAL—2 MONTHS' FORECAST—12 MONTHS

Net Ordinary Revenue .....	\$190,850,000.00
Less: Net Ordinary Expenditure (before providing for Sinking Funds and Maturing Railway Aid Certificates).....	160,312,000.00
Surplus (before providing for Sinking Funds and Maturing Railway Aid Certificates).....	30,538,000.00
Less: Provision for Sinking Funds and Maturing Railway Aid Certificates.....	5,499,000.00
Interim Surplus.....	<u>\$25,039,000.00</u>

## INTERIM STATEMENT OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1947—MARCH 31, 1948

10 MONTHS' ACTUAL—2 MONTHS' FORECAST—12 MONTHS

Department	Gross Capital Receipts	Application of Receipts to Payments	Net Capital Receipts
	\$ c.	\$ c.	\$ c.
Agriculture.....	3,000.00		3,000.00
Highways.....	44,000.00		44,000.00
Labour.....	3,000,000.00		3,000,000.00
Lands and Forests.....	221,000.00		221,000.00
Mines.....	75,000.00		75,000.00
Provincial Secretary.....	2,178,000.00		2,178,000.00
Provincial Treasurer:			
Received from Dominion Government—re Tax Suspension Agreement.....	28,964,000.00		28,964,000.00
Surplus Funds—Supreme Court.....	4,000,000.00		4,000,000.00
Other.....	11,962,000.00		11,962,000.00
	<u>44,926,000.00</u>		<u>44,926,000.00</u>
Public Welfare.....	18,687,000.00	18,687,000.00	
	<u>69,134,000.00</u>	<u>18,687,000.00</u>	<u>50,447,000.00</u>

## INTERIM STATEMENT OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1947—MARCH 31, 1948

10 MONTHS' ACTUAL—2 MONTHS' FORECAST—12 MONTHS

Department	Gross Capital Payments	Application of Receipts to Payments	Net Capital Payments
	\$ c.	\$ c.	\$ c.
Agriculture.....	90,000.00		90,000.00
Highways.....	27,037,000.00		27,037,000.00
Labour.....	1,640,000.00		1,640,000.00
Provincial Secretary.....	1,185,000.00		1,185,000.00
Provincial Treasurer.....	8,965,000.00		8,965,000.00
Public Welfare.....	18,687,000.00	18,687,000.00	
Public Works.....	3,777,000.00		3,777,000.00
	<u>61,381,000.00</u>	<u>18,687,000.00</u>	<u>42,694,000.00</u>

## PROVINCIAL DEBT

In all of my previous budget presentations, I have referred quite extensively to our net debt position. Last year I stated that it had been the steady aim of this Government to preserve and to improve the credit

standing of the province. Net debt must be paid from taxation. Interest and principal constitute a first charge on our revenues. It is, therefore, with pleasure I announce to you that our net debt reduction for the year ending March 31, 1948, will be the record sum of \$25,003,183.76. The previous all-



time high reduction was that which we made in 1944, amounting to \$12,947,000. We, therefore, in this debt reduction just announced, have doubled the previous all-time high.

Ontario's credit is a very real asset. The use of this credit for financing the cost of capital works to be repaid over the lifetime of such works is legitimate and proper. In this coming year, which will be a year of great expansion and development, we intend to use our credit in the creation of works, self-liquidating in nature. I refer particularly to the great hydro-electric developments which are in project. We aim, however, to keep our net debt strictly under control.

This Government will soon complete its fifth year in office. This is the fifth budget delivered during that period. It is with deep satisfaction that I tell you that every foot of highway we have constructed, every building we have

erected, every hospital grant we have given, every grant we have made for rural hydro extension has been completely paid for. The people of Ontario do not owe one dollar for any capital work which we have performed and, in addition to that, during our period of office we have paid from the debt of the province the huge sum of \$27,357,470.85.

Never in the history of this province has any government, at the end of 5 years in office, been able to say that everything was paid for and that the net debt had been reduced. I know that every member of this House will regard with unqualified approval the statements which I now table.

With the permission of the House, I now table statements of Gross Debt, Net Debt, the Funded Debt and the Indirect Debt, showing a reduction in the gross debt of \$18,651,938.61.

#### PROVINCE OF ONTARIO

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

FOR THE FISCAL YEAR TO END ON MARCH 31, 1948

Gross Debt as at March 31, 1947.....	\$645,221,457.67
Estimated Gross Debt as at March 31, 1948.....	626,569,519.06
Estimated Decrease for the fiscal year to end on March 31, 1948.....	<u>\$ 18,651,938.61</u>

##### Gross Debt Decreased by:

###### Provisions charged to Ordinary Expenditure:

Retirement of Railway Aid Certificates.....	\$ 18,251.86
Sinking Fund Instalments.....	5,481,000.00
Surplus on Ordinary Account.....	25,039,000.00

\$30,538,251.86

Received from Dominion Government re Tax Subvention Agreement and credited to Capital Receipts..... 28,964,000.00

Discount on Debentures—written off..... 545,900.00

Earnings on Sinking Fund Investments..... 1,100.00

###### Net Repayments on Loans Receivable:

Hydro Electric Power Commission of Ontario.....	\$1,662,100.00
Agricultural Development Board.....	2,700,000.00
Miscellaneous (Net).....	111,700.00
Guaranteed Debentures (Net).....	141,400.00

4,615,200.00

Increase in Reserves (Net)..... 10,800.00

\$ 64,675,251.86

##### Gross Debt Increased by:

###### Capital Disbursements:

Disbursements on Highways, Public Buildings, Works, etc.....	\$35,029,000.00
Less: Capital Receipts.....	340,000.00

\$34,689,000.00

Discount on Debentures issued during year (Net)..... 250,400.00

Increase in Income Liabilities..... 10,879.84

Increase in Cash..... 11,073,033.41

46,023,313.25

Estimated Decrease for the fiscal year to end on March 31, 1948.....	<u>\$ 18,651,938.61</u>
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PROVINCE OF ONTARIO  
ESTIMATED DECREASE IN THE NET DEBT  
AS AT MARCH 31, 1948

As at March 31, 1947:

Gross Debt.....	\$645,221,457.67
Less: Revenue Producing and Realizable Assets.....	152,134,453.43
Net Debt.....	<u>\$493,087,004.24</u>

As at March 31, 1948:

Estimated Gross Debt.....	\$626,569,519.06
Less: Estimated Revenue Producing and Realizable Assets.....	158,485,698.58
Estimated Net Debt.....	<u>\$468,083,820.48</u>

Estimated Decrease in Net Debt.....	<u>\$ 25,003,183.76</u>
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THE FUNDED DEBT OF ONTARIO  
DETAILED SUMMARY OF ESTIMATED CHANGES  
FOR THE FISCAL YEAR TO END ON MARCH 31, 1948

As at March 31, 1947 (after deducting Sinking Funds).....	\$563,263,201.45
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Add: Sale of Debentures:

"TI" —4½% due November 1, 1952.....	\$ 3,600,000.00	
"BP" —2¾% due November 15, 1965-69.....	25,000,000.00	
"TFE" —3¼% due January 1, 1962.....	950,000.00	
		<u>29,550,000.00</u>
		\$592,813,201.45

Less: Redemptions:

"AL" —4% due May 15, 1947.....	\$ 661,000.00
"AP" —4½% due May 15, 1947.....	604,000.00
"AS" —4% due June 1, 1947.....	568,000.00
"AV" —4½% due June 1, 1947.....	1,141,719.99
"RAB" —1¼% due July 2, 1947.....	3,000,000.00
"BM" —1% due July 15, 1947.....	500,000.00
"RZ" —2½% due August 1, 1947.....	1,000,000.00
"RAA" —1½% due September 1, 1947.....	2,000,000.00
"RAC" —1½% due September 1, 1947.....	4,000,000.00
"CF" —5% due September 1, 1947.....	700,000.00
"RY" —1¾% due September 15, 1947.....	1,000,000.00
"AK" —4½% due November 1, 1947.....	800,000.00
"BJ" —3% due November 1, 1947.....	15,000,000.00
"RS" —2% due November 1, 1947.....	1,050,000.00
"AH" —4½% due December 1, 1947.....	700,000.00
"RAD" —1¼% due December 15, 1947.....	4,000,000.00
"RAB" —1¼% due January 1, 1948.....	3,000,000.00
"AJ" —4½% due January 15, 1948.....	800,000.00
"AR" —4½% due January 15, 1948.....	525,000.00
"BN" —1% due January 15, 1948.....	1,500,000.00
"RB" —3% due January 15, 1948.....	1,000,000.00

\$43,549,719.99

Railway Aid Certificates.....	18,251.86
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Increase in Sinking Fund Investments Current Year.....	5,420,532.81
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48,988,504.66

Estimated as at March 31, 1948 (after deducting Sinking Funds).....	<u>\$543,824,696.79</u>
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Redemptions and Increase in Sinking Fund.....	\$48,988,504.66
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Less: New Issues.....	29,550,000.00
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Net Decrease.....	<u>\$19,438,504.66</u>
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PROVINCE OF ONTARIO  
CONTINGENT LIABILITIES, BONDS, ETC., GUARANTEED BY THE PROVINCE  
ESTIMATED AS AT MARCH 31, 1948

Total as per Public Accounts, March 31, 1947.....		\$116,462,095.80
<i>Add:</i> New Guarantees or Increases for the Fiscal Year to end on March 31, 1948:		
Co-operative Marketing Loans.....	\$ 10,250.00	
Ontario Food Terminal Board.....	94,578.59	
Power Commission.....	80,000,000.00	
Railways.....	2,000,000.00	
		82,104,828.59
		<u>\$198,566,924.39</u>
<i>Less:</i> Principal Maturities redeemed or to be redeemed during the Fiscal Year to end on March 31, 1948:		
Municipalities.....	\$ 9,131.75	
Park Commissions.....	160,023.04	
Power Commission.....	15,709,000.00	
Railways.....	152,000.00	
Schools.....	122,387.14	
Universities.....	119,272.21	
Ontario Stock Yards Board.....	70,656.89	
		16,342,471.03
		<u>\$182,224,453.36</u>
<i>Less:</i> Sinking Fund Deposits for the Fiscal Year to end on March 31, 1948.....		785.50
Estimated Contingent Liability of the Province as at March 31, 1948.....		<u><u>\$182,223,667.86</u></u>

SUMMARY

Estimated Contingent Liability of the Province as at March 31, 1948.....	\$182,223,667.86
Contingent Liability of the Province as at March 31, 1947....	116,462,095.80
Estimated Increase.....	<u><u>\$ 65,761,572.06</u></u>

## WAYS AND MEANS

Mr. Speaker,

In view of the fact that the investment and developmental programme formulated by this Government is of such a character as to employ to the greatest extent in our history, the resources of the province, some general observations appear to be in order at this juncture. In placing our programme before you today, let me say that there are deep and fundamental reasons why a programme of expansion should be adopted at this time. Today, there is a new and broader outlook in Ontario. We are opening a new chapter in the economic history of the province. This is no time for faltering. In this post-war period we dare not stand still. Today, the nation that stands still does so at its peril. There is every reason for confidence in the ability of the province to put into execution and carry to a successful accomplishment

the plans which have been prepared. The foundations for building have been already laid. We have been preparing a firm foundation, as evidenced by consideration of the following accomplishments since this administration became responsible for the direction of affairs in Ontario.

## HYDRO EXTENSIONS

When this Government came into power it was faced with a very serious and difficult problem in connection with the extension of rural hydro lines. For some years practically no lines had been built. Commencing in the Fall of 1939, all rural construction, except in a very small way, had been cancelled. In the year 1943 up to October 31st, only 21 miles had been constructed. This only involved 718 new customers, who were mainly connected with war-time housing, and only 1,287 customers had been



taken on existing lines. In the meantime, a very large backlog of applications had accumulated. The agricultural communities in Ontario were very properly complaining that they should be recognized as a war-time industry and receive priorities. One of the first acts of this Government was to take the matter up with the Dominion Government, and to have agriculture recognized as a war-time industry, with the result that, in 1944, in this Government's first year of office, 350 miles of line were constructed, and 8,054 customers were added. Up to October 31, 1947, no less than 3,679 miles of lines had been constructed, with the addition of 58,248 customers. For the coming year, it is planned to construct 3,400 miles of line, with the addition of approximately 30,000 additional customers. In 1944 this Government announced a five-year plan. The five-year plan has been completed in four years. What is planned for the year ending October 31, 1948, is in addition to the five-year plan. This year we have over 100,000 horsepower of new energy coming in, and of this agriculture will get its proper share.

From the standpoint of cost, in the last year of the previous government, only \$100,184 was spent in bonusing rural construction. Since this Government assumed office and up to October 31, 1947, this administration has expended over \$7,500,000 in rural extensions, and this coming year is appropriating for rural extensions the huge sum of \$10,800,000. This sum will be matched by the Commission, with the result that the total construction programme this year will be \$21,600,000.

## HIGHWAYS

During the year ending March 31, 1948, we have seen the greatest highway expenditures in the history of Ontario. Heretofore the greatest expenditure of capital and ordinary account in Ontario was for the year 1945-1946, when nearly \$45,000,000 was expended. During this last year we have expended no less

than \$61,900,000. It is imperative to integrate the highway building programme with the demands of the expanding economy of this great province.

Included in the expenditure are over 1,000 miles of paved, concrete, asphalt and mulch road surfaces. Two hundred and fifty miles of old roads have been re-surfaced. Major work has been undertaken on mining roads to Red Lake, Matheson East, and Matachewan area. New roads are projected to Barrie, south of Chapleau, the re-location of many existing roads, the construction of highways for The Hydro-Electric Power Commission at their great developments at Des Joachims, Aguasabon, Cameron Falls, Pine Portage and Tunnel Rapids. Gravel roads have been rendered dust proof. Great as has been the achievement of this department in construction work, one of its most useful accomplishments has been the degree of co-operation established with municipal governments. Municipal road expenditures as approved by the Department of Highways totalled more than \$30,000,000 in 1947. The province actually contributed more than \$15,700,000 by way of municipal road subsidies in the current year. The comparable expenditure in 1942 was but \$3,600,000. This co-operation is shown by the fine snow-plowed roads from one end of the province to the other and in the condition and maintenance of municipal highways. Last year, 348 additional municipalities were added to those entitled to participate in provincial road grants, and over \$3,000,000 in subsidies were disbursed among urban municipalities. The municipalities have further been assisted by the establishment of machinery pools with machinery approximating half a million dollars in value, which is available to municipalities at nominal rental. This year the estimates of the Department of Highways are for the sum of \$57,000,000, which covers the maximum amount of work which the department can do with available labour, machinery and material.



## DEPARTMENTS OF WELFARE AND HEALTH

Last year, I mentioned the huge expenditures this Government had made up to March 31, 1947 on agriculture, education, health and welfare, totalling to that time over \$231,000,000. The expenditures on the Departments of Welfare and Health have shown further increases last year, and additional large amounts are being included in the estimates for the year 1948-49.

In the Department of Welfare the increase in expenditures is best evidenced by the comparison between the years 1942-43 and the present. For the year 1942-43, total expenditures for the department were approximately \$9,600,000. The estimates for next year are approximately \$17,000,000.

Notwithstanding that present employment figures indicate a condition of peak employment across the Dominion, the necessity for increasing expenditures for welfare services, generally, continues apace. The amount paid to individual mothers' allowances beneficiaries has increased greatly over the payments of 1943. The health services to the children of beneficiaries under this Act are being extended by a provision for dental care to such children, to be applied on the same principle as medical services are now provided.

As a result of the province entering into an agreement with the Dominion to provide a greater monthly pension to old age pensioners and the fact that a person, who has greater outside income than hitherto, may now qualify for pension, the expenditures for old age pensions are rapidly increasing. The number of pensioners in 1943 was 57,692. The cost to the province was a little over \$3,500,000. For the year ending March 31, 1948, the number of old age pensioners is 70,859 and the cost to the province, including medical services and bonus, exceeds \$7,000,000. New pension applications are being received at the rate of approximately 1,800 to 2,000 monthly.

In addition to the increased amount of expenditures required to meet the 25 per cent. which the province pays to old age pensioners, during the past year a bonus up to \$10 per month, based on need, was extended to old age pensioners, with an automatic review of each case. As will be seen, this has involved a huge task of examination of all of the over 70,000 cases administered by the province. Many of these cases have income other than the old age pension. At the present time, 38,111 cases have been reviewed, and additionally any case which has come to the attention of the department, in which hardship was indicated, has been especially reviewed. Within a comparatively short time all cases will have been reconsidered for bonus payments.

The soundness of this approach to the problem should be recognized by the members of this House. Due to recent changes in the regulations, old age pensioners are now allowed to receive certain income in addition to their pensions. It is apparent, therefore, that a flat increase does not meet the situation. There are also large variations in the cost of living in Ontario. It is therefore not only sound that any bonus should be paid on a basis of need taking into consideration all of the facts but it is also a sound approach for another reason. The Dominion Government has stated that it will sponsor pensions for everyone at seventy years of age. It is hardly conceivable that an old age pension can be arrived at which will be equitable in all cases. Much, of course, depends upon the basic payment. If, for instance, the basic payment were \$30 per month, it is apparent that public assistance would have to be given to some pensioners from some source. We believe that it should be from the Dominion Government. Failing that, however, this Government is prepared, within its means, to supplement the basic amount in cases of need. This assistance could be placed on no other basis. The advantage of the work now being done by the Department of Welfare must be apparent to everyone. The



department will in most cases know where assistance should be given and can extend the same without the delays which otherwise would be caused.

In 1943 the number of blind pensioners was 1,502. This has increased to 1,790, and the expenditures have increased from about \$97,000 to over \$227,000.

As a result of the increased cost of living, relief regulations have been expanded to provide for increased grants to unemployable persons eligible for assistance under the Act.

Provision has been made in the estimates for developing rehabilitation services for handicapped persons.

In view of the extended references which have already been made to the Department of Health and The Hospitals Aid Fund which has been created, I shall not elaborate other than to say that when this Government took office five years ago a little over \$13,000,000 was being spent in this very important department. This year the estimates are approximately \$22,000,000.

Grants to sanatoria are heavily increased. The sum of \$3,450,000 is included for general hospital, capital and maintenance grants which will be placed in The Hospitals Aid Fund. It will be noted that the amount to be raised by the hospital tax is in no way included in this budget as the funds are to be set apart for hospital purposes only and will form no part of the revenue of the province as such.

## DEPARTMENTS OF MINES AND LANDS AND FORESTS

I shall make brief references to these two great developmental departments.

In 1943, the estimates provided for the expenditure of \$3,300,000 for the Departments of Lands and Forests and Game and Fisheries. This year the estimates are approximately \$8,200,000. We are expending this year \$2.50 for every \$1 spent in 1943.

We have doubled the number of transport and semi-transport type aircraft, as well as the hangar facilities.

Air bases have been increased for field operations. We have provided an increase in nursery stock production of 30,000,000 trees annually, being three times that of the 1943 schedule. A Forest Ranger School is in operation. The Division of Research has been greatly expanded. Determined efforts have been made to bring to the attention of the people of the province the relationship between their forest resources and the general prosperity of the province.

In mining, there is a good possibility that in 1948 the dollar value of Ontario's mining production will top the all-time record of \$269,000,000 established in 1941. Higher prices for base metals and industrial minerals are stimulating record outputs. Mine labour is steadily increasing in both quantity and efficiency.

Iron ores are playing an increasingly important part in the mining picture. Great developments are in being or in prospect at Michipicoten, Steep Rock Lake and the Goulais River Range. Industrial minerals, which abound in this province, are attracting attention and their development is freeing the country from its dependence on outside sources for such materials. I am happy to say that the trend in gold output is towards greater improvement. Mill capacity is being stepped up in most of the producing mines. Before the end of this year, Ontario will count on several new producers.

The Department of Mines is steadily increasing its services and facilities. Let us not forget that Ontario's mineral reserves are not the least of the great resources which guarantee the future of our province and our country.

## AGRICULTURE, EDUCATION, HEALTH AND WELFARE

In summary I may say, during the lifetime of this Government to date we have spent on our developmental and social Departments of Agriculture, Education, Health and Welfare no less than \$313,400,000, particulars of which are in the following schedule:



COMPARATIVE STATEMENT OF NET ORDINARY EXPENDITURES OF CERTAIN DEPARTMENTS  
FISCAL YEARS ENDED MARCH 31, 1944 TO 1948

Fiscal year ended:	<i>Agriculture</i>	<i>Education</i>
March 31, 1944.....	\$6,296,059.58	\$15,604,864.85
March 31, 1945.....	6,054,807.25	24,740,221.60
March 31, 1946.....	6,459,257.18	30,779,279.96
March 31, 1947.....	6,778,469.90	32,043,769.98
*March 31, 1948.....	7,851,000.00	38,582,000.00
	<u>\$33,439,593.91</u>	<u>\$141,750,136.39</u>

Fiscal year ended:	<i>Health</i>	<i>Welfare</i>
March 31, 1944.....	\$13,344,512.54	\$11,530,186.12
March 31, 1945.....	11,668,940.00	12,810,259.11
March 31, 1946.....	12,677,921.17	12,908,364.14
March 31, 1947.....	15,582,994.23	13,465,363.47
*March 31, 1948.....	20,222,000.00	14,000,000.00
	<u>\$73,496,367.94</u>	<u>\$64,714,172.84</u>

Fiscal year ended:	<i>Total</i>
March 31, 1944.....	\$46,775,623.09
March 31, 1945.....	55,274,227.96
March 31, 1946.....	62,824,822.45
March 31, 1947.....	67,870,597.58
*March 31, 1948.....	80,655,000.00
	<u>\$313,400,271.08</u>

\*Estimated—based upon actual expenditures April 1, 1947, to January 31, 1948, and estimated expenditures for February and March, 1948.

In addition, we have expended on capital expenditures on our highways \$55,486,239 and as I have indicated before every cent of these expenditures has been paid and we do not owe a single dollar on them.

DEPARTMENT OF  
ATTORNEY-GENERAL, REFORM  
INSTITUTIONS AND TRAVEL  
AND PUBLICITY

Time does not permit me to elaborate upon the magnificent job being done by the Attorney-General in a large and difficult department. The improvement in crime suppression agencies alone would justify extended reference, as would the work of reformation of the Department of Reform Institutions among old and young offenders. The development

work of the Department of Travel and Publicity also deserves mention. These and other departments will be dealt with by their respective ministers in the debate which will follow and I shall not further refer to them here.

PROVINCIAL SECRETARY AND  
LABOUR

The Department of the Provincial Secretary is now a great secretarial department which is doing immensely valuable work in co-ordination and administration. Under this department comes the important work of the Research Council.

The Department of Labour ranks small in the amount of its estimates, but very large in the service it is rendering.



## RELIEF OF THE BURDEN OF TAXATION ON REAL ESTATE

The removal of unfair taxation on real estate is a matter in which this Government is very greatly concerned. In my Budget Speech of 1944, I made extended reference to real estate taxation and the cost of education. In that first year in which this Government was in power preliminary steps were taken to remedy the situation. Since that time in succeeding years many advances have been made towards a solution of the problem. This year a Provincial-Municipal Conference is being held to examine into the present situation. This, therefore, is an appropriate time to make some reference to the same. The main source of income of our municipalities is from taxation on real estate. In the past the result has been that the costs of many services were either charged against real estate or else were either not performed at all or were improperly performed. One of the basic reasons for the assumption by the province of 50 per cent. of school taxes was in order to transfer some of the municipal burden to broader taxing fields. In 1943 the total school grants made by the province to the School Boards was \$8,351,824. In 1947 the amount was \$28,872,000. For the coming year the total amount of school grants paid by the Government to the School Boards of Ontario will be the sum of \$33,200,000, an increase of \$4,328,000 over last year. It is quite apparent that if we revert to the system of grants which we had in the province in 1943 and retain the same type of services as obtains today, the additional burden on the real estate owner in Ontario would be, this year, the sum of \$24,843,176. In 1943 the total grants to municipal roads was \$3,589,480. In the year 1948-49 the amount will be \$15,990,000. In these two items alone it will be seen that if the old grants still obtained and the municipalities and School Boards were to maintain the same type of services as today the additional cost to them would be a total of \$37,248,696.

Since the conclusion of the war, our municipalities have been faced with rising costs because of increased prices for material and services of all kinds and also due to the fact that a backlog of work accumulated during the war years as of sheer necessity had to be done at the present time. The result is that municipal expenditures, presently, have not decreased. It is quite probable that a peak in municipal expenditures has been reached and that from now on they will tend to recede. In the meantime, the costs of other services which might have become an increasing charge on municipalities have been contributed to by this Government and this has tended to keep these charges down. For instance, grants have been increased to public libraries. Reference has been made to hospitals, which are municipal in their origin. The grants to public ward beds have tended in these days of rising costs to alleviate the almost intolerable burden which would have been thrown on the municipalities if this course had not been taken. It is hoped that the steps which are now being taken will stop the upward trend of hospital costs and that the curve from now on will be downward. It can therefore be said that, in these days of tremendously mounting costs for services of all kinds, the upward trend of municipal costs is at a point of stabilization and from now on we may look to municipal tax reductions.

After a lapse of four years it is now possible to reduce to figures, the actual assistance to our municipalities because of the assumption by the Government of costs which have heretofore been largely municipal. These figures can be given for every municipality in Ontario but the following are some very interesting examples of representative municipalities. These figures are based upon the assumption that present day services were being performed and costs incurred with the system and percentage of grants which applied in 1943 when this Government came into power.



## GRANTS PAID BY THE GOVERNMENT OF THE PROVINCE OF ONTARIO TO SELECTED MUNICIPALITIES

IN THE YEAR 1942, FISCAL YEAR ENDED MARCH 31, 1943

*Amabel  
Township  
Bruce  
County*

	<i>Toronto</i>	<i>Brantford</i>	<i>Orillia</i>	<i>Kingston</i>	
Department of Education:					
Legislative Grants Public, Separate, Secondary and Vocational Schools.....	\$545,965	\$39,197	\$8,912	\$41,735	\$6,313
Public Libraries.....	2,519	209	204	209	85
Department of Health:					
Poliomyelitis patients in Municipal Hospitals	1,771	.....	.....	.....	.....
Public Health Unit.....	.....	.....	.....	.....	.....
Venereal Disease.....	.....	.....	no record	.....	.....
School Dental Services.....	.....	.....	237	.....	.....
Department of Municipal Affairs:					
One Mill Subsidy.....	876,934	27,132	4,949	20,079	942
Total Grants.....	<u>\$1,427,189</u>	<u>\$66,538</u>	<u>\$14,302</u>	<u>\$62,023</u>	<u>\$7,340</u>
Assessment-dollars.....	876,933,941	27,132,075	4,949,726	20,079,029	941,810
Grants in Terms of Mills.....	1.6	2.5	2.9	3.1	7.8

IN THE YEAR 1947, FISCAL YEAR ENDED MARCH 31, 1948

Department of Education:					
Legislative Grants Public, Separate, Secondary and Vocational Schools.....	\$3,480,467	\$179,343	\$64,429	\$169,553	\$18,323
Public Libraries.....	37,500	2,146	805	3,355	277
Department of Health:					
Poliomyelitis patients in Municipal Hospitals	23,535	.....	.....	.....	.....
Public Health Unit.....	.....	9,743	.....	.....	958
Venereal Disease.....	.....	.....	952	.....	.....
School Dental Services.....	.....	.....	245	.....	22
Department of Highways:					
Grants re Gas Tax.....	896,679	30,096	9,626	22,753	.....
Department of Municipal Affairs:					
One Mill Subsidy.....	896,679	30,096	5,515	22,753	993
Total Grants.....	<u>\$5,334,860</u>	<u>\$251,424</u>	<u>\$81,572</u>	<u>\$218,414</u>	<u>\$20,573</u>
Assessment-dollars.....	896,678,589	30,096,180	5,604,281	22,753,280	993,074
Grants in Terms of Mills.....	5.9	8.4	14.6	9.6	20.7
Increase in Grants:					
Amount.....	\$3,907,671	\$184,886	\$67,270	\$156,391	\$13,233
In Terms of Mills.....	4.3	5.9	11.7	6.5	12.9

The above figures do not include such items as hospital grants, which were doubled for 1943. Library grants also greatly increased, and other assistance. It is plain from the foregoing that, without regard to these additional items, in the case of the City of Toronto, if the same services were being performed as now with the old system of grants, the tax rate would be 4.3 mills higher and there would be increases in the tax rates of municipalities comparable to Brantford, Orillia, Kingston and Amabel Township along the lines of the figures which I have just given.

As regards our mining municipalities, all of the above assistance has been extended and more. The income of these

municipalities is closely related to the profits of mining companies. There has been a very great variation in recent years. The revenue of these municipalities has been stabilized at an amount approximately double that of the statutory rate, with a minimum guarantee for a period of five years at this high level. This year in the estimates is the sum of \$180,000 for this stabilizing subsidy.

Mr. Speaker, I should like to take this opportunity of voicing my appreciation of the support given me by all members of the staff of the Treasury Department. We have in the officials of my Department an efficient body of Civil Servants who are a credit to the Province. I particularly wish to mention Doctor C. S.



Walters, Deputy Treasurer; Mr. H. A. Cotnam, Provincial Auditor; and Mr. P. T. Clark, who has charge of the administration of The Corporations Tax Act. To them and, in fact, to the entire staff of the Treasury Department, I desire to express thanks for their loyal co-operation.

### ONE MILL SUBSIDY TO MUNICIPALITIES

I have to announce that it is the intention of the Government to continue to pay the usual one mill subsidy to every municipality in the province; such subsidy to be based on the general assessment. I have therefore placed in the estimates under Vote No. 121 of the Department of Municipal Affairs, the sum required, being estimated as \$3,325,000.

These signal accomplishments are the results of good government succeeding through the exercise of a wise economy. I repeat, Mr. Speaker, "the exercise of a wise economy". For in the performance of what I have just recited, the credit of the province has been kept at the highest rating. There is good reason for this satisfactory state of affairs. As I have already said, not only have we done all of the things which I have recited but we have reduced our debt by over \$27,000,000.

This impressive betterment in the financial position of the province is without parallel in our financial history. This, you will agree, warrants the statement: "We have builded upon a firm financial foundation." Not only have we preserved and enhanced the public credit of the province, we have improved private credit; for public credit and private credit are inter-related, the one depending upon the other. In making full use of our productive resources, material as well as human, we are mindful of the problems of public finance which we are handling. I shall discuss the problems briefly.

Our great plans for the expansion of Ontario involve the use of our credit. One has only to read the past budget speeches to see that we have arrived

at a point which we have anticipated and planned for. As a province, we intend to pay as much of our own provincial capital commitments for roads, public buildings, rural hydro extensions and other matters as we can from ordinary revenues. We have kept our net debt strictly in hand. We show a large reduction over our period in office. This policy we intend to follow, with the effect that our provincial guarantee becomes yearly more valuable. Our plans, however, call for raising very large sums of money through hydro and subsidiaries, partly of course on the soundness of the schemes themselves, but subject to our valuable provincial guarantee. We also must take care of our own provincial refundings because, although we do not incur any new debt, we have an old debt maturing annually. The developmental projects now in progress will cover a period of approximately fifteen years, until 1963, but will bear most heavily upon us in the next four years, up to the end of The Hydro-Electric Power Commission's year on October 31, 1952. During this period we shall need approximately \$210,000,000 for our own refundings, and about \$350,000,000 of new money for developmental projects, of which approximately \$315,000,000 will be for hydro, the balance for housing, Ontario Northland Railway and other subsidiaries. These huge plans are faced with confidence. They are an anticipated part of our post-war plans, which we have been working on since 1943.

I point out that our refundings would have been for us to take care of in any event. With the Government's financial position very strong, and with the economy of the province expanding and becoming wealthier yearly, this presents no insurmountable difficulties. The balance of the money required for the next 4 years, of approximately \$350,000,000, is for great self-liquidating projects which should not cost the taxpayers of the province, as such, a single dollar. In other words, we are using our credit in the form of guaranties to enable subsidiary bodies



to borrow the money which will be repaid from the income of the works which are created. Our present capacity to pay will be continually increasing, because of the sound investment and developmental programme which I have outlined, for the greater the productivity of industry the higher will be the level of prosperity and well-being of the whole community. The Government is determined to exert every effort to afford encouragement to industry in the building of a prosperous future for our people and, to the attainment of this goal, the Government hopes and intends to give courageous and continuing leadership. We shall keep our credit clean and bright. On the successful carrying out of our programme rests the future of our province. On the practicability and the soundness of the plans we have formulated, we stake the political future of this Government.

I shall now turn briefly to some tax reductions and measures of a remedial character. First, an amendment to The Corporations Tax Act will be introduced:

1. The rate of tax on insurance premiums of every kind, life, fire, casualty, etc., will be reduced to 2 per cent., the rate applicable in other provinces.
2. An amendment to The Corporations Tax Act will give, as an incentive to companies engaged in exploration and production of natural resources, particularly natural gas, petroleum and precious and semi-precious minerals, a special deduction from taxable income equal to the amounts expended by such companies for exploration, drilling and mining which they undertake in Ontario.
3. The Mining Tax Act will be amended allowing as an exemption any tax up to \$250 payable as a royalty on production of natural gas. The effect of this amendment will be to exempt entirely most

of the small producers, and it will encourage them to further efforts in the exploration and development of natural gas wells.

## NO NEW TAXATION

For the coming fiscal year I know that the House will receive with satisfaction the announcement that there will be no new taxation. The comments which I made last year with relation to personal income tax are good for this coming year as well. The words which I said last year I reaffirm now, "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."

As was said last year, we propose to offer no impediment to drastic income tax reductions by the Dominion Government; rather, we intend to co-operate and assist the Dominion authorities in bringing about much needed tax relief. Therefore, I shall, during the present session, introduce a bill authorizing the suspension of The Income Tax Act of Ontario for the fiscal year 1948-49.

## BUDGET FORECAST FOR FISCAL YEAR 1948-1949:

With your permission, I 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 1, 1948, to March 31, 1949, and forecast of surplus of ordinary account of \$262,979.



## BUDGET FORECAST OF ORDINARY REVENUE

FISCAL YEAR APRIL 1, 1948—MARCH 31, 1949

<i>Department</i>	<i>Gross Ordinary Revenue</i>		<i>Application of Revenue to Expenditure</i>		<i>Net Ordinary Revenue</i>	
	\$	c.	\$	c.	\$	c.
Agriculture . . . . .	1,043,000.00				1,043,000.00	
Attorney-General . . . . .	1,403,000.00		257,800.00		1,145,200.00	
Education . . . . .	110,000.00				110,000.00	
Health . . . . .	2,011,000.00		23,200.00		1,987,800.00	
Highways:						
Main Office and Branch . . . . .	10,000.00				10,000.00	
Gasoline Tax Branch . . . . .	45,500,000.00				45,500,000.00	
Miscellaneous Permits Branch . . . . .	110,000.00				110,000.00	
Motor Vehicles Branch . . . . .	13,500,000.00				13,500,000.00	
	59,120,000.00				59,120,000.00	
Insurance . . . . .	251,000.00				251,000.00	
Labour . . . . .	179,000.00		9,000.00		170,000.00	
Lands and Forests . . . . .	10,887,000.00				10,887,000.00	
Mines . . . . .	2,408,000.00		8,000.00		2,400,000.00	
Municipal Affairs . . . . .	200,000.00				200,000.00	
Provincial Secretary . . . . .	610,000.00				610,000.00	
Provincial Treasurer:						
Main Office—Subsidy . . . . .	3,155,000.00				3,155,000.00	
Interest . . . . .	71,200.00				71,200.00	
Liquor Authority Transfer Fees . . . . .	600,000.00				600,000.00	
Liquor Control Board . . . . .	26,000,000.00				26,000,000.00	
Controller of Revenue:						
Succession Duty . . . . .	15,000,000.00				15,000,000.00	
Corporation Tax . . . . .	50,000,000.00				50,000,000.00	
Race Tracks . . . . .	2,200,000.00				2,200,000.00	
Security Transfer Tax . . . . .	750,000.00				750,000.00	
Land Transfer Tax . . . . .	700,000.00				700,000.00	
Law Stamps . . . . .	450,000.00				450,000.00	
Motion Picture Censorship and Theatre Inspection Branch . . . . .	198,000.00				198,000.00	
Province of Ontario Savings Office . . . . .	425,300.00		425,300.00			
Office of Athletics Commissioner . . . . .	14,000.00		14,000.00			
	99,563,500.00		439,300.00		99,124,200.00	
Public Works . . . . .	41,000.00		3,000.00		38,000.00	
Reform Institutions . . . . .	1,897,000.00		1,281,300.00		615,700.00	
Miscellaneous . . . . .	75,000.00				75,000.00	
Public Debt, Interest, Exchange, etc . . . . .	5,410,200.00		5,410,200.00			
	185,208,700.00		7,431,800.00		177,776,900.00	



## BUDGET FORECAST OF ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1948—MARCH 31, 1949

<i>Department</i>	<i>Gross Ordinary Expenditure</i>		<i>Application of Revenue to Expenditure</i>		<i>Net Ordinary Expenditure</i>	
	\$	c.	\$	c.	\$	c.
Agriculture.....	7,850,920.00				7,850,920.00	
Attorney-General.....	6,250,490.00		257,800.00		5,992,690.00	
Education.....	44,221,000.00				44,221,000.00	
Health.....	21,924,800.00		23,200.00		21,901,600.00	
Highways.....	31,000,000.00				31,000,000.00	
Insurance.....	96,700.00				96,700.00	
Labour.....	868,992.00		9,000.00		859,992.00	
Lands and Forests.....	8,200,000.00				8,200,000.00	
Lieutenant-Governor.....	14,000.00				14,000.00	
Mines.....	757,700.00		8,000.00		749,700.00	
Municipal Affairs.....	3,980,000.00				3,980,000.00	
Planning and Development.....	606,845.00				606,845.00	
Prime Minister.....	45,355.00				45,355.00	
Provincial Auditor.....	183,000.00				183,000.00	
Provincial Secretary.....	1,525,700.00				1,525,700.00	
Provincial Treasurer.....	2,324,850.00		439,300.00		1,885,550.00	
Public Welfare.....	16,934,519.00				16,934,519.00	
Public Works.....	2,500,000.00		3,000.00		2,497,000.00	
Reform Institutions.....	5,699,900.00		1,281,300.00		4,418,600.00	
Travel and Publicity.....	475,950.00				475,950.00	
Miscellaneous.....	75,000.00				75,000.00	
Public Debt—Interest, Exchange, etc.....	23,847,400.00		5,410,200.00		18,437,200.00	
Sinking Fund Instalments and Railway Aid Certificates.....	5,562,600.00				5,562,600.00	
	184,945,721.00		7,431,800.00		177,513,921.00	

## BUDGET FORECAST OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1948—MARCH 31, 1949

<i>Department</i>	<i>Gross Capital Receipts</i>		<i>Application of Receipts to Payments</i>		<i>Net Capital Receipts</i>	
	\$	c.	\$	c.	\$	c.
Agriculture.....	2,000.00				2,000.00	
Highways.....	5,000.00				5,000.00	
Labour.....	4,000,000.00				4,000,000.00	
Lands and Forests.....	250,000.00				250,000.00	
Mines.....	50,000.00				50,000.00	
Provincial Secretary.....	2,438,750.00				2,438,750.00	
Provincial Treasurer.....	26,260,600.00				26,260,600.00	
Public Welfare.....	21,249,120.00		21,249,120.00			
Miscellaneous.....	75,000.00				75,000.00	
	54,330,470.00		21,249,120.00		33,081,350.00	



## BUDGET FORECAST OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1948—MARCH 31, 1949

<i>Department</i>	<i>Gross Capital Payments</i>		<i>Application of Receipts to Payments</i>		<i>Net Capital Payments</i>	
	\$	c.	\$	c.	\$	c.
Agriculture.....	250,000.00				250,000.00	
Highways.....	26,000,000.00				26,000,000.00	
Labour.....	4,000,000.00				4,000,000.00	
Provincial Secretary.....	1,300,000.00				1,300,000.00	
Provincial Treasurer.....	12,258,500.00				12,258,500.00	
Public Welfare.....	21,249,120.00		21,249,120.00			
Public Works.....	7,250,000.00				7,250,000.00	
Miscellaneous.....	75,000.00				75,000.00	
	<u>72,382,620.00</u>		<u>21,249,120.00</u>		<u>51,133,500.00</u>	

## SUMMARY

## BUDGET FORECAST

APRIL 1, 1948—MARCH 31, 1949

Net Ordinary Revenue.....	\$177,776,900.00
Less: Net Ordinary Expenditure (before providing for Sinking Funds and Maturing Railway Aid Certificates).....	171,951,321.00
Surplus (before providing for Sinking Funds and Railway Aid Certificates).....	\$5,825,579.00
Less: Provision for Sinking Funds and Railway Aid Certificates.....	5,562,600.00
Surplus Forecast.....	<u>\$ 262,979.00</u>

Up to this point, Mr. Speaker, my remarks have been directed to providing a comprehensive account of the Government's stewardship, together with an outline of future policies formulated by this administration. My remarks, concerned as they have been with the problems of provincial finance, were, quite naturally, expressed in terms of money. I should like, Mr. Speaker, for a few minutes to direct the thoughts of honourable members to a mental picture of what our investment and developmental programme holds in store for the people of Ontario. Let us look upon the human side of the scene.

Instead of dollars let us visualize our expenditures as investments in human betterment. The security is ample—the certain rewards will be mass gains for all our people. Look upon the expenditures for highways as efforts to create new arteries of communication permitting the convenient movement of our people and channelling the fruits of their labours from remoter parts of the

province to the market places and points of distribution easily accessible to consumers; avenues of travel to encourage the inflow of tourists and visitors from the United States as well as from the other eight provinces of Canada attracted by our hospitable towns, countryside and places rich in historic interest and scenic beauty. Our Hydro-Electric plans for expansion are designed to ensure an adequate supply of power to overtake and satisfy the ever-increasing requirements due to the stepped-up tempo of our economic growth. The labour saving devices made available through a supply of electrical power will go a long way towards bettering farm life. The formulation and initiation of a programme calculated to carry us safely through uncertain and changing economic circumstances will make for better farms, better equipped farm buildings; more homes; improved housing conditions; modern schools; additional and adequate hospital accommodation. All of



these may be counted as the hoped-for results of our investment and developmental plans.

From the very first day on which this Government took office, the policy of the administration has been, and today is, one based on a high resolve to improve the living conditions, the standards of life, of every man, woman and child in the province. The programme of improvement and development formulated by this administration, the details of which I have given you but a glimpse, is designed to carry the bless-

ings of good government to every home—mansion or cottage—in this province. No one can dispute the truth of this statement. Few will quarrel with our objectives. Some may differ with the ways and means with which we plan to accomplish the goals which I have today attempted to set before you. Once these plans have been approved by this Legislature, I invite and urge each and every citizen of this great Province of Ontario to give wholehearted support to make the fiscal year 1948-49 one of signal achievement.



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## STATEMENT No. 1

## THE PROVINCE OF ONTARIO SAVINGS OFFICE

BALANCE SHEET AS AT MARCH 31, 1947

## ASSETS

Cash: On hand.....	\$1,170,769.51	
In Banks.....	7,277.81	
		\$1,178,047.32
Deposit with Provincial Treasurer.....		60,690,892.32
Accounts Receivable.....		1,103.04
Furniture: Cost.....	\$143,637.48	
Less: Reserved for Depreciation.....	123,856.17	
		19,781.31
Alterations to Premises: Cost.....	\$23,665.16	
Less: Written Off.....	16,128.04	
		7,537.12
		<u>\$61,897,361.11</u>

## LIABILITIES

Depositors' Funds.....	\$61,604,078.01
Surplus.....	293,283.10
	<u>\$61,897,361.11</u>



## STATEMENT No. 2

## ANALYSIS OF BUDGETED NET ORDINARY REVENUE

FOR FISCAL YEAR 1948-49

## DOMINION GOVERNMENT—

Annual Subsidy . . . . . \$ 3,155,000.00

Interest—Common School Fund . . . . . 71,200.00

\$ 3,226,200.00 1.815%

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

Taxation . . . . . 115,818,600.00 65.148%

Gasoline, Mines, Lands, Corporations, Income, Race  
Tracks (betting), Stock Transfers, Succession Duties, Fire  
Protection, etc.

Royalties . . . . . 9,820,000.00 5.523%

Bonus and Timber Dues, Sand and Gravel, Game and  
Fisheries.

Licenses and Permits . . . . . 14,112,335.00 7.939%

Motor Vehicles, Hunting and Fishing, Insurance, Loan and  
Trust Companies, Mines, Theatres, etc.

Fees . . . . . 3,916,300.00 2.203%

Local Registrars, Police Magistrates, Crown Attorneys,  
etc., Mine Recording, Companies and Brokers' Registra-  
tions, etc., Land Transfers, Motor Vehicle Transfers,  
Liquor Authority Transfers, Tuition, Examinations, etc.

Fines and Penalties . . . . . 313,700.00 .176%

Profits from Trading Activities . . . . . 26,000,000.00 14.625%

Liquor Control Board—Profits, Fines, Sale of Confiscated  
Liquor, etc.

169,980,935.00

Agriculture and Public Domain . . . . . 877,000.00 .493%

Sale of Material . . . . . 841,780.00 .474%

Produce, Live Stock, Equipment, etc.

Rent, Board, Maintenance of Patients, Perquisites, etc. . . . . 2,394,284.00 1.347%

Miscellaneous . . . . . 456,701.00 .257%

Ontario Gazette, Sale of Government Publications, and  
Casual Revenue, etc.

\$177,776,900.00 100.000%



## STATEMENT No. 3

STATEMENT SHOWING SURPLUS OR DEFICIT  
FOR THE PERIOD FROM JULY 1ST, 1867, TO MARCH 31ST, 1948

		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.....		142,875,758.56	140,929,509.33	1,946,249.23	
" " " " " " 1948**.....		190,850,000.00	165,811,000.00	25,039,000.00	

\*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 1948 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—

<i>Fiscal Year</i>	GROSS DEBT		REALIZABLE AND INCOME		
	<i>Total</i>	<i>Yearly Increase</i>	<i>Hydro</i>	<i>O.N.T.C.</i>	<i>Loans, Cash and Accts. Receivable</i>
	\$	\$	\$	\$	\$
1914. . . . .	41,716,000	.....	10,110,000	20,246,000	5,066,000
1915. . . . .	50,275,000	8,559,000	12,316,000	20,483,000	8,007,000
1916. . . . .	59,336,000	9,061,000	21,939,000	21,184,000	7,684,000
1917. . . . .	61,825,000	2,489,000	27,489,000	21,594,000	5,805,000
1918. . . . .	75,309,000	13,484,000	36,244,000	21,823,000	9,477,000
1919. . . . .	97,032,000	21,723,000	47,700,000	22,335,000	13,882,000
1920. . . . .	127,262,000	30,230,000	65,717,000	22,681,000	16,009,000
1921. . . . .	202,446,000	75,184,000	102,946,000	23,599,000	31,292,000
1922. . . . .	233,189,000	30,743,000	116,786,000	25,654,000	30,704,000
1923. . . . .	291,025,000	57,836,000	124,360,000	28,075,000	37,612,000
1924. . . . .	329,508,000	38,483,000	135,045,000	30,208,000	45,262,000
1925. . . . .	332,391,000	2,883,000	141,717,000	30,208,000	27,885,000
1926. . . . .	349,116,000	16,725,000	142,473,000	30,208,000	31,899,000
1927. . . . .	368,920,000	19,804,000	147,120,000	30,208,000	33,813,000
1928. . . . .	394,114,000	25,194,000	152,936,000	30,208,000	37,176,000
1929. . . . .	426,914,000	32,800,000	164,522,000	30,208,000	44,007,000
1930. . . . .	473,372,000	46,458,000	176,799,000	30,208,000	53,587,000
1931. . . . .	520,667,000	47,295,000	188,377,000	30,208,000	58,055,000
1932. . . . .	574,419,000	53,752,000	189,635,000	30,208,000	76,902,000
1933. . . . .	594,128,000	19,709,000	187,965,000	30,208,000	76,514,000
1934. . . . .	655,761,000	61,633,000	187,829,000	37,208,000	72,247,000
1935*. . . . .	674,386,000	18,625,000	187,878,000	37,208,000	70,885,000
1936. . . . .	689,559,000	15,173,000	172,735,000	36,408,000	74,377,000
1937. . . . .	656,460,000	33,099,000	151,573,000	30,208,000	69,243,000
1938. . . . .	678,075,000	21,615,000	149,621,000	30,208,000	59,952,000
1939. . . . .	712,767,000	34,692,000	147,841,000	30,208,000	56,450,000
1940. . . . .	737,078,000	24,311,000	145,319,000	30,208,000	54,348,000
1941. . . . .	729,648,000	7,430,000	137,600,000	30,208,000	55,640,000
1942. . . . .	724,771,000	4,877,000	135,904,000	30,208,000	51,531,000
1943. . . . .	704,864,000	19,907,000	121,684,000	30,208,000	57,531,000
1944. . . . .	666,528,000	38,336,000	105,150,000	30,208,000	48,676,000
1945. . . . .	646,484,000	20,044,000	95,475,000	30,208,000	40,492,000
1946. . . . .	639,315,000	7,169,000	93,946,000	30,208,000	36,742,000
1947. . . . .	645,221,000	5,906,000	89,513,000	30,208,000	32,414,000

\*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

1947

## PRODUCING ASSETS

## NET DEBT

<i>Total</i> \$	<i>Yearly Increase</i> \$	<i>Total</i> \$	<i>Yearly Increase</i> \$	<i>Year</i>	<i>Population</i> **	<i>Per Capita Net Debt</i> \$
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
152,134,000	8,762,000	493,087,000	14,668,000	1946 "	4,107,000	120.60



## STATEMENT No. 5

## PROVINCIAL DEBT

STATEMENT SHOWING INVESTMENT THEREOF AS AT MARCH 31, 1947

## FUNDED DEBT—

Stock and Debentures Outstanding.....	\$591,177,053.32
Railway Aid Certificates.....	34,948.65
	<u>\$591,212,001.97</u>
Less: Sinking Funds.....	27,948,800.52
Total Funded Debt.....	<u>\$563,263,201.45</u>

## UNFUNDED DEBT—

Savings Office Deposits.....	\$ 61,604,078.01
Bank Overdraft.....	2,409,102.52
Special Funds, etc.....	8,565,316.67
	<u>72,578,497.20</u>

ACCOUNTS PAYABLE AND ACCRUED INTEREST.....	9,379,759.02
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Gross Debt.....	<u>\$645,221,457.67</u>
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## INVESTMENT THEREOF—

## Revenue Producing and Realizable Assets—

Hydro-Electric Power Commission Advances.....	\$ 89,512,514.24
Ontario Northland Transportation Commission—Advances.....	30,207,934.92
Loans—Farm, Municipal, etc.....	23,932,113.40
Accounts Receivable.....	8,481,890.87
	<u>\$152,134,453.43</u>

## Revenue Producing but not Realizable Assets—

Roads and Highways.....	\$383,283,730.92
Niagara Parks Commission (Surplus of Assets).....	1,221,363.66
Dominion of Canada—Common School Fund.....	1,424,597.20
Dominion of Canada—Debt Account.....	2,848,289.52
	<u>388,777,981.30</u>

Total Revenue Producing Assets.....	<u>\$540,912,434.73</u>
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## Non-Revenue Producing Assets—

Public Buildings, Public Works, etc.....	\$121,007,702.09
Equipment, Stores and Materials.....	3,513,499.62
Other Loans and Advances.....	3,124,622.74
	<u>127,645,824.45</u>

## Other Assets—

Unemployment (Direct) Relief (Less amount written off).....	\$ 14,045,036.40
Discount on Debentures, etc. (Less amount amortized).....	3,876,592.15
	<u>17,921,628.55</u>

Total Assets.....	<u>\$686,479,887.73</u>
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SURPLUS AND RESERVES—represented in above Assets.....	<u>\$ 41,258,430.06</u>
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## STATEMENT No. 6

## GROSS PROVINCIAL DEBT

STATEMENT SHOWING INCREASE FOR FISCAL YEAR APRIL 1, 1946, TO MARCH 31, 1947

	1946	1947	Increase 1947 over 1946
	\$ c.	\$ c.	\$ c.
unded Debt.....	560,787,937.26	563,263,201.45	2,475,264.19
nfunded Debt.....	69,126,259.94	72,578,497.20	3,452,237.26
ncome Liabilities.....	9,401,126.32	9,379,759.02	21,367.30
GROSS DEBT.....	<u>639,315,323.52</u>	<u>645,221,457.67</u>	<u>5,906,134.15</u>

## ACCOUNTING FOR INCREASE IN GROSS DEBT—

## Capital Disbursements—

Disbursements on Highways, Public Buildings, Works, etc.....	\$ 22,960,535.70	
Less: Capital Receipts.....	785,516.76	
	<u>\$ 22,175,018.94</u>	
Discount on Debentures issued during the year (net).....	498,550.00	
Increase in Co-operative Marketing Loans (net).....	65,805.00	
	<u>\$ 22,739,373.94</u>	

## Deduct—

## Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.....	\$ 18,251.86
Sinking Fund Instalments.....	5,422,655.27
Surplus on Ordinary Account.....	1,946,249.23
	<u>\$ 7,387,156.36</u>

Discount on Debentures, written off.....	690,851.23
Earnings on Sinking Fund Investments (net).....	1,728.68

## Net Repayments on Loans Receivable—

Hydro-Electric Power Commission of Ontario...	\$ 4,433,979.38
Agricultural Development Board.....	3,475,000.00
Tile Drainage.....	28,694.04
Municipal Debentures.....	187,609.54
Guaranteed Debentures Redeemed.....	497,934.20
Miscellaneous.....	68,655.24
	<u>\$ 8,691,872.40</u>

Increase in Reserves (net).....	27,453.99
Decrease in Income Liabilities.....	21,367.30
Decrease in Sundry Assets of Savings Office.....	12,809.83

	<u>16,833,239.79</u>
NET INCREASE.....	<u>\$ 5,906,134.15</u>

NOTE: The estimated decrease in the Gross Debt at March 31, 1948, was \$18,651,939. For particulars, see statement on page 17.



## STATEMENT No. 7

## NET PROVINCIAL DEBT

STATEMENT SHOWING INCREASE FOR FISCAL YEAR APRIL 1, 1946, TO MARCH 31, 1947

	1946		1947		Increase 1947 over 1946	
	\$	c.	\$	c.	\$	c.
Gross Debt.....	639,315,323.52		645,221,457.67		5,906,134.15	
Less: Revenue Producing and Realizable Assets.....	160,895,999.93		152,134,453.43		8,761,546.50	
NET DEBT.....	478,419,323.59		493,087,004.24		14,667,680.65	

## ACCOUNTING FOR INCREASE IN NET DEBT—

## Capital Disbursements—

Disbursements on Highways, Public Buildings, Works, etc..... \$ 22,960,535.70

Less: Capital Receipts..... 785,516.76

\$ 22,175,018.94

Discount on Debentures, issued during the year (net)..... 498,550.00

Decrease in Accrued Interest on Agricultural Development Board Debentures 497,843.81

Decrease in Income Accounts Receivable..... 169,212.21

\$ 23,340,624.96

## Deduct—

## Provision charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates..... \$ 18,251.86

Sinking Fund Instalments..... 5,422,655.27

Surplus on Ordinary Account..... 1,946,249.23

\$ 7,387,156.36

Discount on Debentures, written off..... 690,851.23

Earnings on Sinking Fund Investments (net)..... 1,728.68

Increase in Reserves (net)..... 27,453.99

Decrease in Savings Office—Furniture and Fixtures and Alterations to

Premises..... 11,519.89

Miscellaneous Decreases..... 9,612.48

Net Repayments in respect to Other Loans and Advances..... 523,254.38

8,672,944.31

NET INCREASE..... \$ 14,667,680.65

NOTE: The estimated decrease in the Net Debt at March 31, 1948, was \$25,003,184. For particulars, see statement on page 18.







