



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

BUDGET ADDRESS

DELIVERED BY

The Hon. Leslie M. Frost

Treasurer of the Province of Ontario

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

Friday, 4th March

1949

On Moving the House into Committee of Supply

Also Statements of

**COMPARATIVE AND STATISTICAL
INFORMATION**



ONTARIO

THE KING'S PRINTER, TORONTO, 1949

BUDGET ADDRESS

DELIVERED BY

The Hon. Leslie M. Frost

Treasurer of the Province of Ontario

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

Friday, March 4th, 1949

On Moving the House into Committee of Supply

Also Statements of

**COMPARATIVE AND STATISTICAL
INFORMATION**



ONTARIO

THE KING'S PRINTER, TORONTO, 1949

CHRONOLOGICAL INDEX

Subject	PAGE
1—The Economic Condition of the Province	7
2—Dominion-Provincial Relations	9
3—Provincial Taxing Powers and Their Relationship to Revenues	11
4—The Rising Trend of the Cost of Government	12
5—Interim Statement—Ordinary Revenue, Fiscal Year 1948-49	13
6—Interim Statement—Ordinary Expenditure, Fiscal Year 1948-49	14
7—Interim Statement of Surplus, Fiscal Year 1948-49	14
8—Interim Statement—Capital Receipts, Fiscal Year 1948-49	15
9—Interim Statement—Capital Payments, Fiscal Year 1948-49	15
10—Provincial Debt	15
11—Estimated Gross Debt, March 31, 1949	16
12—Estimated Net Debt, March 31, 1949	16
13—Funded Debt, March 31, 1949	17
14—Contingent Liabilities, March 31, 1949	17
15—Ways and Means	18
16—Housing Programme	18
17—Agriculture	19
18—Highways	19
19—Health and Welfare	20
20—Interim Statement—Hospital Aid Fund, Fiscal Year 1948-49	21
21—Natural Resources	21
22—Education	21
23—The Municipalities of Ontario and Their Problems	22
24—Public Investment	25
25—Management of the Funded Debt	26
26—Tax Changes for 1949-50	26
27—Budget Forecast for Fiscal Year 1949-50	27
28—Budget Forecast of Ordinary Revenue, Fiscal Year 1949-50	27
29—Budget Forecast of Ordinary Expenditure, Fiscal Year 1949-50	28
30—Budget Forecast of Capital Receipts, Fiscal Year 1949-50	28
31—Budget Forecast of Capital Payments	28
32—Budget Forecast of Surplus on Ordinary Account, Fiscal Year 1949-50	28
33—Conclusion	29
34—Appendices	32-38

ANALYTICAL INDEX

1—Activities of Departments—	Subject	PAGE
	Agriculture	19
	Education	21-22
	Health	20
	Highways	19-20
	Lands and Forests	21
	Mines	21
	Planning and Development	18-19
	Welfare	20
	Expenditures in Excess of Estimates	12
2—Assets, Realizable and Income Producing, 1914-1948		34-35
3—Budget Forecasts, Fiscal Year 1949-50		
Ordinary Account:		
	Revenue	27
	Expenditure	28
	Surplus	28
Capital Account:		
	Receipts	28
	Payments	28
4—Conclusion		29
5—Economic Condition of Province		7-9
6—Financial Statements pertaining to Fiscal Year 1947-1948		
	Province of Ontario Savings Office—Balance Sheet	32
	Investment of Provincial Debt, March 31, 1948	36
	Gross Debt, March 31, 1947 and 1948	37
	Net Debt, March 31, 1947 and 1948	38
7—Financial (Interim) Statements pertaining to Fiscal Year 1948-49		
	Ordinary Revenue	13
	Ordinary Expenditures	14
	Surplus	14
	Capital Receipts	15
	Capital Payments	15

ANALYTICAL INDEX—Continued

	PAGE
8—Municipalities	22
Further contribution to be made by Government toward cost of social services..	23-24
Municipalities to receive equitable share of gasoline tax	24
One mill subsidy to be discontinued and following proposals substituted therefore:	
Legislation to permit payment to Municipalities of a percentage of cost of municipal fire departments	24
Legislation to permit payment to Municipalities of a percentage of cost of municipal police departments	24
Removal of road expenditure restrictions	24
Payment of new subsidies on total approved unrestricted road expenditures	24
Removal of expenditure restrictions imposed on urban townships of York and East York	24-25
Province shall pay to Municipalities one-half of net cost of maintenance of municipal homes for the aged	25
Province shall pay 50 per cent. of cost of constructing new municipal homes	25
Province shall pay municipalities 25 per cent. of their statutory liability for maintenance of children who are wards of The Children's Aid Society	25
Province shall pay to Children's Aid Societies in each case a sum equal to 25 per cent. of amounts which they may raise from private subscriptions	25
Guaranteed benefits under this plan of at least one mill to every municipality	25
9—Ontario Government Policy—	
Public Investment:	
Continuation of further improvement to The Ontario Northland Railway..	25
Hydro-Electric Power Commission, continuation of programme of expansion	25-26
10—Public Debt—	
Debt Increase	15
Estimated Increase in Gross Debt, March 31, 1949	16
Estimated Increase in Net Debt, March 31, 1949	16
Summary of Estimated Changes in Funded Debt	17
Estimated Increase in Contingent Liabilities, March 31, 1949	17
Future Borrowings	26
Gross and Net Debt, 1914-1948	34-35
11—Surpluses and Deficits, July 1, 1867 to March 31, 1949	33

ANALYTICAL INDEX—Continued

12—Taxation—

	PAGE
No new taxation	26
Tax reductions	26
Athletics Control Act—2 per cent. tax on professional athletic contests discontinued	26

Corporations Tax Act—

Allocation of taxable income of companies transacting business in other provinces as well as Ontario to be adjusted	26
A deduction from taxable income to be allowed to all newly incorporated companies with head offices in Ontario	26
Exemption from tax under The Income Tax Act (Ontario) as well as (Canada)	26
Regulatory provisions in Income Tax Act (Canada) to be included in (Ontario) Act	26
Special allowances to Mining Companies	26

Personal Income Tax—Continuance of suspension of taxes under The Income Tax Act (Ontario)	26-27
---	-------

Succession Duty Act—

To extend exemptions to religious organizations of devises, etc., to whole of Canada	27
Preferred beneficiaries exempt from duty	27
Time for payment of duty by beneficiaries extended	27

BUDGET ADDRESS

DELIVERED BY

THE HON. LESLIE M. FROST

TREASURER OF THE PROVINCE OF ONTARIO

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

FRIDAY, MARCH 4, 1949

Mr. Speaker:

This is the sixth occasion that I have had the honour and responsibility of placing before the Legislature the financial position of this Province. In so doing, I shall give the House a statement of Revenue and Expenditure for the year ending March 31, 1949, and the estimated Revenue and Expenditure for the year ending March 31, 1950, together with an explanation of the fiscal policies of this Government.

In the Speech from the Throne, reference was made to the fact that never in our history was there promise of greater substance, stability and progress. The address then cautions profound thought and care in the maintenance of this invaluable promise and the necessity of consolidation, and,

indeed, of retrenchment, to avoid the evils of over-expansion.

It is well for us to bear in mind that in the great task which lies before us, all cannot be done at once. We cannot obtain everything at the same time. Our problems are many-sided, and we must build and progress with this in mind. It is essential that our growth should be balanced and uniform. Some of us are prone to emphasize one phase more than another. We should remember that all phases are important, and all belong to the same picture.

Experience teaches us that in a sound economy, progress and stability are twin requisites. They are inseparable, each indispensable to the other. As with individuals, so with governments. It is impossible to attain perfection, or to

secure every good thing at one fortunate stroke. Each new day presents a new test. Each new day offers a new opportunity. If we are wise in our decisions, the sum total adds up to progress and stability, to an even development of our economy.

It is also all-important, particularly for governments and legislators, to bear in mind the fact that all moneys raised and expended for public services belong to the people, and that unduly heavy taxation burdens our people, and impedes the sound and balanced development for which we are striving. On the other hand, mere parsimony is not sound economy; indeed, it is often false economy. The truth lies between the two, the attainment of which requires good judgment, wise selection and vision. There is a saying in the Good Book which says:

“There is that scattereth, and yet increaseth; and there is that withholdeth more than is meet, but it tendeth to poverty.”

I am quite sure that Honourable Members of this House will experience many difficulties in making accurate comparisons of present day revenues and expenditures with those of past years because of the vastly changed conditions in which we live. Ontario of 1939 had a population of about 3,700,000. At the end of this year, 1949, we shall just about cross the 4,500,000 mark. The national income arising in Ontario to-day is not far below the national income of the whole of Canada in 1939. In 1946 and 1947 Ontario attracted over 65 per cent. of the new industries coming to Canada. With reference to capital investment, in the years 1946 to 1948 inclusive, \$3,000,000,000 of Canada's \$7,000,000,000 new investment of private and public enterprise was made in Ontario. In the last ten years, in this Province, the number of employees in manufacturing has increased 73 per cent., from 318,871 to 552,678. In the

same time their payrolls have increased by 219 per cent., from \$378,000,000 to \$1,207,000,000. On the basis of the gross valuation of production, we have an increase of 211 per cent., from \$1,745,000,000 to \$5,431,000,000. These are impressive figures indeed, and indicate the difficulty of making understandable comparisons between years, each of which has been greater than the last.

With this great expansion have come added problems of government, not the least of these being that of keeping things in proper perspective, in remembering that we cannot have everything at the same time, and that all cannot be done at once in building and progressing in an orderly manner. Our revenues are far greater than in 1939, but, balancing this, so are our problems, and so, necessarily, must be our expenditures.

As Treasurer, sometimes I have difficulty in comparing expenditures from year to year, and I have to resort to the test, “Are our expenditures reasonable and proper, having regard to the many phases of our problems and their relation to the revenues on which we must depend?”

I am happy to tell the Members of this House and the people of Ontario that our finances are in sound condition. We have had a succession of balanced budgets, but of equal and, indeed, of even greater importance, I think, is our credit position, the background of which is the ability of the people of Ontario to meet their debts and guaranties. In the budget of five years ago, I emphasized the importance of our Net Debt position. In subsequent budgets, I have dealt with the importance of this subject. Ten years ago, in 1939, our Net Debt was \$478.3 millions. Over the intervening ten years there have been some variations, but to-day the debt is practically that of ten years ago.

This, however, is not all the story. Our real position is vastly improved from what these figures might indicate.

Our debt service charges are down from \$19.3 millions to \$17.4 millions. While in 1939 debt service charges formed over 22 per cent. of our expenditure, to-day they are less than 9 per cent. In 1939, the per capita debt was \$130; now it is about \$111. In the meantime, our assets represented by buildings, works and roads, are worth at least double that of ten years ago; while, in terms of the value of the dollar to-day, the Net Debt burden is just one-half of what it was in 1939. These facts and figures illustrate very clearly some of the reasons why Ontario has been able to borrow for new revenue producing works such vast sums of money at such low rates of interest. Over the last ten years, we have stabilized our economy. This has bettered our guaranty and thus enabled us to borrow, for the great self-liquidating projects such as undertaken by the Hydro-Electric Power Commission of Ontario, adequate funds at most favourable rates of interest.

DOMINION—PROVINCIAL RELATIONS

Our fiscal record over the last ten years is even more remarkable when one considers the outstanding contribution which Ontario gladly made to the war effort of the Dominion. In December, 1941, which month had been marked with the entry of Japan into the war and the attack on Pearl Harbor, the Dominion approached the provinces with the proposal of the suspension of provincial taxing powers in order to assist in the war effort. The whole international situation was most critical. This Province, which had unreservedly offered its full resources for the prosecution of the war, immediately agreed to the Dominion proposal and, in the session of 1942, the Legislature unanimously approved of an agreement between Ontario and the Dominion

whereby Ontario agreed to suspend, temporarily, the collection of certain taxes in return for a fixed subvention of \$28.9 millions, subject to a guarantee relative to maintaining the gasoline tax level at \$26.6 millions. The Suspension Act recited that this temporary measure was to assist the Dominion in waging total war against the Axis powers.

Honourable Members of this House have been surprised to read in the press recently a statement by a Dominion Cabinet Minister, who has every opportunity of knowing better, to the effect that this Province had benefited greatly by this agreement. The converse is the fact. During the period of the suspension agreement, which terminated March 31, 1947, this Province sustained an actual loss, estimated to be \$119.1 millions, particulars of which are given in the statement which I shall file. During this period, road and capital works were virtually suspended. The highway programme consisted almost entirely of maintenance, and even this was cut to a bare minimum.

All this, of course, has multiplied our post-war problems in that we have a great backlog of very pressing public works requirements which must be constructed at exceedingly high prices. The people of this Province have no regrets in giving this great assistance to our war effort and, indeed, look upon this contribution with great pride.

I think, however, it is altogether proper that I should mention the magnitude of this contribution which, if it had not been made, would most certainly have resulted in our already favourable debt position, to which I have referred, being over \$100,000,000 less than it is at the present time. Indeed, we have made a very remarkable showing over the last ten years, which our people can regard with great satisfaction.

With the permission of the House, I now table the schedule to which I have just referred.

ESTIMATE OF LOSS IN REVENUE
TO THE PROVINCE OF ONTARIO BY REASON OF THE WARTIME TAX AGREEMENTS

	1941 1942	1942 1943	1943 1944	1944 1945	1945 1946	1946 1947	1947 1948	Total
	(thousands of dollars)							
Personal Income Tax.....	4,700	1,000	13,000	19,000	18,000	16,000	.....	71,700
Corporations Tax—								
Capital Tax.....	6,500	6,600	13,600	7,300	7,200	7,300	8,300	56,800
Income Tax.....	15,300	25,400	52,700	28,700	28,400	28,700	52,700	231,900
Total Corporation Taxes.....	21,800	32,000	66,300	36,000	35,600	36,000	61,000	288,700
Total Personal Income Taxes and Corporation Taxes.....	26,500	33,000	79,300	55,000	53,600	52,000	61,000	360,400
Actual Receipts—								
Corporation and Personal Income Tax Subvention under Wartime Tax Agreement.....	2,896	27,593	29,180	28,325	28,094	28,371	.....	144,459
Rebate under Wartime Tax Agreement.....	.....	.....	.....	.....	.....	.....	28,964	28,964
Actual Corporations Tax Collections, 1947-48.....	.....	.....	.....	.....	.....	.....	44,664	44,664
Gasoline Tax Subvention under Wartime Tax Agreement.....	.....	5,612	7,440	7,695	2,441	.....	.....	23,188
Total Actual Receipts.....	2,896	33,205	36,620	36,020	30,535	28,371	73,628	241,275
Net Loss under Wartime Tax Agreement...	23,604	205 (Gain)	42,680	18,980	23,065	23,629	12,628 (Gain)	119,125

The Speech from the Throne very properly refers to our great regret for the intransigent attitude of the Dominion Government in approaching the problems arising out of the war and its aftermath. In the budget speeches of 1947 and 1948 I referred at some length to the proposals which had been made to us, and I commented on their unsatisfactory nature. Ontario's reasons for dissatisfaction with the Dominion proposals have been amply borne out.

I am able this year to give the House a more accurate appraisal of the value of the taxing powers which the Dominion asked us to relinquish in their proposals of 1945 and following. Last year was a difficult one in which to make a fair estimate. Owing to the fact that it was

the first year of collection, the capital portion of the corporations tax applied only to part of the year, and the taxpayers were given three months beyond the end of the year in which to make payments. Last year, it was estimated that the worth of the corporations tax, at present rates, was \$50 millions. For the year ending March 31, 1949, we estimate that there will be collected \$58.5 millions from this source. Averaging this amount with the year ending March 31, 1948, we have an average of \$51.5 millions per year.

I am now able to give the House a table showing the amount we would have received had we accepted the Dominion proposals, and the actual worth of the taxes which we would have given up:

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, 1949

<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).....	Statutory Subsidy.....
\$78,518,000	Personal Income Tax..... (Not collected)
	Corporations Tax.....
	Succession Duties.....
	Amount received in mining royalty in excess of what could have been collected under the Dominion proposal without raising the level of taxation.....
	1,400,000
	\$78,626,000
	Personal income tax at 5% of Dominion tax and deductible therefrom which can be imposed by Ontario without increasing the tax presently payable by the taxpayer.....
	17,300,000
<u>\$78,518,000</u>	<u>\$95,926,000</u>

Reduced to the simplest possible terms, the figures mean that this year the Dominion would have paid us \$78,518,000 for certain taxing powers and rights. Occupying only a portion of that field, we, this year, will collect \$78,626,000 which is more than the Dominion offered for the whole field, and we have in reserve the personal income tax field which, calculated at 5 per cent. of Dominion collections in this Province, would bring in \$17,300,000. In other words, the Dominion offered us \$17,408,000 less than the fields were worth at present day calculations.

Impressive as are the above results, they are not nearly so important as the failure of the Dominion to in any way appraise the great future development of Ontario and the difficult financial problems which would be imposed upon the government by reason of that development. In signing these agreements, Ontario would not only have given up flexible sources of revenue in return for a relatively fixed subsidy inadequate in amount, but Ontario would have been deprived of an expanding source of revenue which would increase in productivity in proportion to the rising costs of government. This is well illustrated by the enormous hydro developments which are presently taking place.

These developments are bound to attract more industry; these industries will pay the Government more taxes but, in turn, will create fresh problems for our Province. For the Province of Ontario to have accepted the Dominion proposals would have been to disregard entirely the fact that 65 per cent. of all new industry coming to Canada is locating in Ontario.

PROVINCIAL TAXING POWERS AND THEIR RELATIONSHIP TO REVENUES

Perhaps at this time, Mr. Speaker, I may with propriety say a few words about our taxing powers. In this 23rd

Legislature of 90 Members, which is, of course, a new House, we have 38 new Members, a number of whom have been here before. It is to be expected that some of the new Members may not be fully conversant with the extent of our taxing powers which arise under The British North America Act.

With respect to the distribution of Legislative powers between the Parliament of Canada and the Provincial Legislatures, it should be said that, whereas the constitution empowers the Central Government to raise money by any mode or system of taxation, the provinces are restricted to "direct taxation within the province."

In my Budget Address of 1944 extended reference was made to this subject. Further mention has been made in subsequent Budget Addresses, all of which form part of the records of this House and are available to every member. In our discussions it would be well to bear in mind these limitations which definitely circumscribe the taxing area within which we have the constitutional authority to raise revenue for provincial purposes.

Generally speaking, measures designed to redistribute the wealth of the nation by means of the payment of old age pensions, family allowances and other like social benefits, are responsibilities of the Federal Government, who, in addition to their broad taxing powers, control credit, currency and international trade.

Over a period of more than a score of years, several Dominion-Provincial Conferences have been held. The Sirois Report on dominion-provincial relations has been made. One salient fact stands out. The provinces have emphasized, time and time again, that they are being called upon to perform services for the people requiring revenues beyond the fiscal powers conferred upon them by the Act of Confederation. This contention is now recognized by both the Dominion and by all the provinces as being valid and worthy of complete

acceptance. To fly in the face of what has been established as a sound conclusion, would be to create grave financial difficulties for the provinces.

We, as Members of this House, and as servants of the people, will do better if we keep in mind our constitutional limitations and duties. The provinces have their own job to do.

THE RISING TREND OF THE COST OF GOVERNMENT

In the 11 months that have elapsed since I tabled the Estimates for the Fiscal Year 1948-49, the world has been passing through a period of inflation unsurpassed in magnitude since the one experienced immediately following the First World War. Without attempting at this time to discuss the several factors which are recognized as contributing to the creation of the inflationary condition from which we are apparently emerging, I call to the attention of the House the fact that statistics dealing with wholesale prices, cost of living, and salary and wage rates, indicate large percentage increases.

While these increases were not wholly unexpected, their full impact upon our economy could not have been foreseen—much less prevented. As a direct consequence of these inflationary elements, and, in order to discharge the functions of government and effectively carry out the progressive programme upon which we have embarked, increased expenditures had to be made.

Here let me emphasize the fact that the dollar, which this Administration has had to use as money to carry on the business of government, is the very same kind of dollar which the individual citizen has had to use in providing for himself and his family, food, fuel, clothing and shelter.

Let me call to the attention of the House a few outstanding items of ordinary expenditure which go to make up the increases.

AMOUNTS EXPENDED IN EXCESS OF ESTIMATES

Department of Education.....	\$2,443,000
Department of Health.....	323,400
Department of Highways.....	8,298,000
Department of Lands and Forests.....	3,210,000
Of this amount, extra fire fighting cost.....	\$1,150,000
and salvage operation.....	1,500,000
Department of Public Welfare.....	1,421,481
Represented largely by an increase of \$970,000 in Mothers' Allowances and \$400,000 in Old Age Pensions and direct relief.	

Additional Provision for Sinking Fund.....\$10,000,000

This year we shall expend on Capital Account about \$42.6 millions for roads, rural Hydro extensions, public buildings and other works of a permanent nature. Of this sum the above provision will, in effect, enable us to pay \$10,000,000 of this expenditure from Ordinary Account. This is in addition to \$5,562,000 which represents the usual Sinking Fund provision. The balance of the capital sum expended this year will be amortized over the life of the work.

An item of expenditure worthy of special note appears in the Department of the Attorney-General and amounts to..... \$1,500,000

This expenditure represents the cost of the General Election held in Ontario on June 7, 1948.

Revenues proved more buoyant than was anticipated, and for the information of the House I have selected a number of items which account in large measure for the increased revenue.

Items of Ordinary Revenue which Exceed Amounts of Budget Forecast

Receipts from ordinary revenue will exceed the amounts set out in the Budget Forecast for the Fiscal Year ending March 31, 1949, by a sum of approximately \$28,000,000. The principal items making up this increased revenue are:—

Highways Department—

Gasoline Tax and Motor Vehicles Licences. \$6,350,000

Treasury Department—

Liquor Authority Transfer Fees.	\$605,000
Liquor Control Board.....	9,000,000
Succession Duty.....	500,000
Corporations Tax.....	8,500,000
Race Tracks Tax.....	1,124,000
Security Transfer Tax.....	75,000
Land Transfer Tax.....	511,000
Law Stamps.....	170,000
Motion Picture Censorship and Theatre Inspection.....	48,000
Sundry.....	51,800

—————\$20,584,800

These revenue increases arise mainly from unusually buoyant business conditions in this Province, and reflect Ontario's very substantial portion of National Income and the people's purchasing power, to which I have previously referred. These gratifying business conditions are at least in part attributable to the great developmental schemes of this Government, which are

tending to a greater and more prosperous Ontario.

With the permission of the House, I now table the Interim Statement of Ordinary Revenue for the Fiscal Year, April 1, 1948, to March 31, 1949, consisting of ten months' actual receipts and two months' forecast. Our estimated net receipts of ordinary revenue amount to \$206,034,000.

INTERIM STATEMENT OF ORDINARY REVENUE

FISCAL YEAR, APRIL 1 1948—MARCH 31, 1949

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

Department	Gross Ordinary Revenue		Application of Revenue to Expenditure		Net Ordinary Revenue	
	\$	c.	\$	c.	\$	c.
Agriculture.....	1,084,000.00				1,084,000.00	
Attorney-General.....	1,565,000.00		251,000.00		1,314,000.00	
Education.....	280,000.00				280,000.00	
Health.....	2,360,000.00		14,000.00		2,346,000.00	
Highways:						
Main Office and Branch.....	10,000.00				10,000.00	
Gasoline Tax Branch.....	51,320,000.00				51,320,000.00	
Miscellaneous Permits Branch.....	140,000.00				140,000.00	
Motor Vehicles Branch.....	14,000,000.00				14,000,000.00	
	65,470,000.00				65,470,000.00	
Insurance.....	287,000.00				287,000.00	
Labour.....	224,000.00		12,000.00		212,000.00	
Lands and Forests.....	11,259,000.00				11,259,000.00	
Mines.....	2,614,000.00		7,000.00		2,607,000.00	
Municipal Affairs.....	289,000.00				289,000.00	
Provincial Secretary.....	629,000.00				629,000.00	
Provincial Treasurer:						
Main Office—Subsidy.....	3,155,000.00				3,155,000.00	
Interest.....	71,000.00				71,000.00	
Liquor Authority Transfer Fees.....	1,205,000.00				1,205,000.00	
Liquor Control Board.....	35,000,000.00				35,000,000.00	
Controller of Revenue Branch:						
Succession Duty.....	15,500,000.00				15,500,000.00	
Corporations Tax.....	58,500,000.00				58,500,000.00	
Race Tracks.....	3,324,000.00				3,324,000.00	
Security Transfer Tax.....	825,000.00				825,000.00	
Land Transfer Tax.....	1,211,000.00				1,211,000.00	
Law Stamps.....	620,000.00				620,000.00	
Miscellaneous.....	52,000.00				52,000.00	
Motion Picture Censorship and Theatre Inspection Branch	246,000.00				246,000.00	
Province of Ontario Savings Office.....	431,000.00		431,000.00			
Office of Athletics Commissioner.....	5,000.00		5,000.00			
	120,145,000.00		436,000.00		119,709,000.00	
Public Works.....	45,000.00		3,000.00		42,000.00	
Reform Institutions.....	2,051,000.00		1,549,000.00		502,000.00	
Public Welfare.....	4,000.00				4,000.00	
	208,306,000.00		2,272,000.00		206,034,000.00	
Public Debt—Interest, Exchange, etc.....	5,534,000.00		5,534,000.00			
	213,840,000.00		7,806,000.00		206,034,000.00	

I also table the Interim Statement of Ordinary Expenditure for the same fiscal period. Our Net Ordinary Expenditure, including Public Debt Interest, Sinking Fund Instalments and Redemption of Railway Aid Certificates, amounts in total to \$204,902,000.

I now table a Summary of Ordinary Revenue and Ordinary Expenditure for the Fiscal Year April 1, 1948, to March

31, 1949. This Summary shows an Interim Surplus of \$1,132,000. This is my sixth Budget Address and the sixth occasion on which I have been able to report to the House a Surplus on Ordinary Account.

I also table an Interim Statement of Capital Receipts, and a Statement of Capital Payments for the Fiscal Year April 1, 1948, to March 31, 1949.

INTERIM STATEMENT OF ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1948—MARCH 31, 1949

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.....	7,402,000.00				7,402,000.00	
Attorney-General.....	7,844,000.00		251,000.00		7,593,000.00	
Education.....	46,664,000.00				46,664,000.00	
Health.....	22,239,000.00		14,000.00		22,225,000.00	
Highways.....	39,298,000.00				39,298,000.00	
Insurance.....	106,000.00				106,000.00	
Labour.....	882,000.00		12,000.00		870,000.00	
Lands and Forests.....	11 410,000.00				11,410,000.00	
Lieutenant-Governor.....	11,000.00				11,000.00	
Mines.....	762,000.00		7,000.00		755,000.00	
Municipal Affairs.....	4,078,000.00				4,078,000.00	
Planning and Development.....	624,000.00				624,000.00	
Prime Minister.....	43,000.00				43,000.00	
Provincial Auditor.....	180,000.00				180,000.00	
Provincial Secretary.....	1,380,000.00				1,380,000.00	
Provincial Treasurer.....	2,774,000.00		436,000.00		2,338,000.00	
Public Welfare.....	18,356,000.00				18,356,000.00	
Public Works.....	2,420,000.00		3,000.00		2,417,000.00	
Reform Institutions.....	5,962,000.00		1,549,000.00		4,413,000.00	
Travel and Publicity.....	454,000.00				454,000.00	
Stationery Account.....	20,000.00				20,000.00	
	<u>172,909,000.00</u>		<u>2,272,000.00</u>		<u>170,637,000.00</u>	
Public Debt—Interest, Exchange, etc.....	24,237,000.00		5,534,000.00		18,703,000.00	
Sinking Fund Instalments and Railway Aid Certificates.....	15,562,000.00				15,562,000.00	
	<u>212,708,000.00</u>		<u>7,806,000.00</u>		<u>204,902,000.00</u>	

SUMMARY

ORDINARY REVENUE AND ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1948—MARCH 31, 1949

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

Net Ordinary Revenue.....	\$206,034,000.00
Less: Net Ordinary Expenditure (before providing for Sinking Funds and Maturing Railway Aid Certificates).....	189,340,000.00
Surplus (before providing for Sinking Funds and Maturing Railway Aid Certificates).....	\$16,694,000.00
Less: Provision for Sinking Funds and Maturing Railway Aid Certificates.....	15,562,000.00
Interim Surplus.....	<u>\$1,132,000.00</u>

INTERIM STATEMENT OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1948—MARCH 31, 1949

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

Department	Gross Capital Receipts	Application of Receipts to Payments	Net Capital Receipts
	\$ c.	\$ c.	\$ c.
Agriculture.....	5,000.00		5,000.00
Highways.....	345,000.00		345,000.00
Labour.....	5,100,000.00		5,100,000.00
Lands and Forests.....	229,000.00		229,000.00
Mines.....	40,000.00		40,000.00
Provincial Secretary.....	3,409,000.00		3,409,000.00
Provincial Treasurer.....	44,793,000.00		44,793,000.00
Public Welfare.....	21,479,000.00	21,479,000.00	
	<u>75,400,000.00</u>	<u>21,479,000.00</u>	<u>53,921,000.00</u>

INTERIM STATEMENT OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1948—MARCH 31, 1949

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

Department	Gross Capital Payments	Application of Receipts to Payments	Net Capital Payments
	\$ c.	\$ c.	\$ c.
Agriculture.....	375,000.00		375,000.00
Health.....	9,380,000.00		9,380,000.00
Highways.....	29,912,000.00		29,912,000.00
Labour.....	4,350,000.00		4,350,000.00
Lands and Forests.....	18,000.00		18,000.00
Provincial Secretary.....	1,182,000.00		1,182,000.00
Provincial Treasurer.....	7,851,000.00		7,851,000.00
Public Welfare.....	21,479,000.00	21,479,000.00	
Public Works.....	5,580,000.00		5,580,000.00
	<u>80,127,000.00</u>	<u>21,479,000.00</u>	<u>58,648,000.00</u>

PROVINCIAL DEBT

The size of the provincial debt, as well as the cost of servicing the debt, depends in large measure upon effective control of taxation, borrowing and expenditure. This control has a direct bearing upon the credit of the Province. It is most gratifying to me—and must be to all Members of this House—to know that Ontario's credit position ranks most favourably with that of any other Canadian Public Authority.

The Funded Debt of the Province has been reduced by the sum of \$9,905,061.56. This has been accomplished chiefly by reason of The Hydro-Electric Power Commission re-paying to the Province its share of maturing obligations. With relation to net debt,

the increase, as I have explained, is after the application of \$10,000,000 from ordinary account in addition to the usual sinking fund provision. The balance represents the amount which will be amortized over the life of the works for which the debt was incurred.

The sharp rise in indirect debt is chiefly occasioned by the very large sums of money borrowed by The Hydro-Electric Power Commission on the guarantee of the Province. This type of debt will continue to increase during the years of hydro expansion, but, of course, as against the same will be great revenue producing developments which are now being constructed throughout the Province. This debt will be liquidated without cost to the general taxpayer of Ontario.

I now table, with the permission of the House, statements of Gross Debt, Net Debt, the Funded Debt and the Indirect Debt.

PROVINCE OF ONTARIO

DETAIL SUMMARY ACCOUNTING FOR ESTIMATED INCREASE IN GROSS DEBT

FOR THE FISCAL YEAR TO END ON MARCH 31, 1949

Gross Debt as at March 31, 1948.....	\$628,388,019.47
Estimated Gross Debt as at March 31, 1949.....	634,063,439.82
Estimated Increase for the fiscal year to end on March 31, 1949.....	<u>\$5,675,420.35</u>

Gross Debt Increased by:

Capital Disbursements:

Disbursements on Highways, Public Buildings, Works, etc.....	\$42,618,000.00
Less: Capital Receipts.....	309,500.00

\$42,308,500.00

Discount on Debentures issued during year.....	1,775,000.00
--	--------------

Increase in Income Liabilities.....	12,481.91
-------------------------------------	-----------

Increase in Loans Receivable:

Tile Drainage.....	\$86,000.00
--------------------	-------------

Co-operative Marketing Loans.....	253,400.00
-----------------------------------	------------

339,400.00

\$44,435,381.91

Gross Debt Decreased by:

Retirement of Railway Aid Certificates.....	\$12,561.56
---	-------------

Sinking Fund Instalments.....	15,550,000.00
-------------------------------	---------------

Surplus on Ordinary Account.....	1,132,000.00
----------------------------------	--------------

\$16,694,561.56

Discount on Debentures—written off.....	509,000.00
---	------------

Net Repayments on Loans Receivable:

Hydro Electric Power Commission of Ontario.....	\$15,982,700.00
---	-----------------

Agricultural Development Board.....	2,500,000.00
-------------------------------------	--------------

Guaranteed Debentures (Net).....	47,100.00
----------------------------------	-----------

Miscellaneous (Net).....	55,500.00
--------------------------	-----------

18,585,300.00

Increase in Reserves (Net).....	5,600.00
---------------------------------	----------

Decrease in Cash.....	2,965,500.00
-----------------------	--------------

38,759,961.56

Estimated Increase for the fiscal year to end on March 31, 1949.....	<u>\$5,675,420.35</u>
--	-----------------------

PROVINCE OF ONTARIO

ESTIMATED INCREASE IN THE NET DEBT

AS AT MARCH 31, 1949

As at March 31, 1949:

Estimated Gross Debt.....	\$634,063,439.82
---------------------------	------------------

Less: Estimated Revenue Producing and Realizable Assets.....	140,310,133.50
--	----------------

Estimated Net Debt.....	<u>\$493,753,306.32</u>
-------------------------	-------------------------

As at March 31, 1948:

Gross Debt.....	\$628,388,019.47
-----------------	------------------

Less: Revenue Producing and Realizable Assets.....	161,634,533.50
--	----------------

Net Debt.....	<u>\$466,753,485.97</u>
---------------	-------------------------

Estimated Increase in Net Debt.....	<u>\$26,999,820.35</u>
-------------------------------------	------------------------

THE FUNDED DEBT OF ONTARIO
DETAILED SUMMARY OF ESTIMATED CHANGES

FOR THE FISCAL YEAR TO END MARCH 31, 1949

As at March 31, 1948 (after deducting Sinking Funds)		\$543,824,696.79
Add: Sale of Debentures:		
"CF" —2¾% due January 15, 1953-1959	\$550,000.00	
"RAE" —3% due April 15, 1962-1965	40,000,000.00	
"TFE" —3¼% due January 1, 1962	750,000.00	
"BQ" —2½% due November 1, 1953	10,000,000.00	
"BQ" —3% due November 1, 1959	15,000,000.00	
"BQ" —3% due November 1, 1966	25,000,000.00	
"TI" —4½% due November 1, 1952	4,300,000.00	
		95,600,000.00
		\$639,424,696.79
Less: Redemptions:		
"AL" —4% due May 15, 1948	\$686,000.00	
"AP" —4½% due May 15, 1948	630,000.00	
"AS" —4% due June 1, 1948	592,000.00	
"RAB" —1¼% due July 2, 1948	3,000,000.00	
"BM" —1½% due July 15, 1948	500,000.00	
"RZ" —2½% due August 1, 1948	1,000,000.00	
"RAC" —1½% due September 1, 1948	12,000,000.00	
"AF" —5% due October 15, 1948	36,136,500.00	
"AK" —4½% due November 1, 1948	800,000.00	
"RP" —3¼% due November 1, 1948	10,000,000.00	
"RS" —3% due November 1, 1948	1,050,000.00	
"AH" —4½% due December 1, 1948	700,000.00	
"RAD" —Various due December 15, 1948	4,000,000.00	
"AJ" —4½% due January 15, 1949	800,000.00	
"AR" —4½% due January 15, 1949	549,000.00	
"BN" —Various due January 15, 1949	1,500,000.00	
"RB" —3% due January 15, 1949	1,000,000.00	
"BC" —4½% due January 16, 1949	14,999,000.00	
	\$89,942,500.00	
Railway Aid Certificates	12,561.56	
Increase in Sinking Fund Investments Current Year	15,550,000.00	
		105,505,061.56
Estimated as at March 31, 1949 (after deducting Sinking Funds)		\$533,919,635.23

SUMMARY

Redemptions and Increase in Sinking Fund	\$105,505,061.56
Less: New Issues	95,600,000.00
Net Decrease in Funded Debt	\$9,905,061.56

PROVINCE OF ONTARIO

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

ESTIMATED AS AT MARCH 31, 1949

Total as per Public Accounts, March 31, 1948		\$182,498,650.91
Add: New Guarantees or Increases for the Fiscal Year to end on March 31, 1949:		
Co-operative Marketing Loans	\$244,000.00	
Ontario Food Terminal Board	200,000.00	
Power Commission	85,000,000.00	
Railways	2,500,000.00	
		87,944,000.00
		\$270,442,650.91
Less: Principal Maturities redeemed or to be redeemed during the Fiscal Year to end on March 31, 1949:		
Municipalities	\$7,052.69	
Park Commissions	100,600.00	
Power Commission	9,375,000.00	
Railways	158,000.00	
Schools	108,831.73	
Universities	125,005.45	
Ontario Stock Yards Board	75,000.00	
		9,949,489.87
		\$260,493,161.04
Less: Sinking Fund Deposits for the Fiscal Year to end on March 31, 1949		789.90
Estimated Contingent Liability of the Province as at March 31, 1949		\$260,492,371.14

SUMMARY

Estimated Contingent Liability of the Province as at March 31, 1949	\$260,492,371.14
Contingent Liability of the Province as at March 31, 1948	182,498,650.91
Estimated ncrease	\$77,993,720.23

WAYS AND MEANS

In laying plans for the Fiscal Year commencing April 1, 1949, we intend to keep in view our objective—a progressive, expanding and stable economy, with greater opportunities for all our citizens.

We hope to build on our record of steady progress, and the realization of this hope calls for increasing effort, both economically and socially.

With the bringing down of this year's Budget, this Administration has completed nearly a 6-year period of operations. During this 6-year period which we have completed:

We have built up surpluses on Ordinary Account made up of the following amounts:

1. Fiscal Year ended March 31, 1944.....	\$11,315,968.97
2. Fiscal Year ended March 31, 1945.....	875,370.21
3. Fiscal Year ended March 31, 1946.....	1,565,899.99
4. Fiscal Year ended March 31, 1947.....	1,946,249.23
5. Fiscal Year ended March 31, 1948.....	25,628,752.84
6. Fiscal Year ended March 31, 1949.....	1,132,000.00
	<u>\$42,464,241.24</u>

We have (notwithstanding our vast developmental expenditures) held the line in respect of our Net Debt, which on March 31, 1943, amounted to.....\$495,441,291.33 and on March 31, 1949, will amount to..\$493,753,306.32

We have added to the physical assets of the province the following:

Improvements to Highways.....	\$84,585,191.61
Provincial Lands and Buildings.....	11,422,000.13
Rural Power Transmission Lines—Bonus.....	16,541,000.00
Sundry.....	5,993,229.07
	<u>\$118,541,420.81</u>

We have built up our intangible capital through our investments in the human resources of our Province, as expressed in money values by the following items of expenditure:

Agriculture.....	\$40,750,619.75
Education.....	188,808,084.53
Health.....	95,710,562.37
Public Welfare.....	82,761,911.59
	<u>\$408,031,178.24</u>

Thus we have added to the skill, efficiency and productive power of our people, and have created an asset, intangible capital, really surpassing in value the substantial physical assets which we call our fixed capital.

We have strengthened our credit, which is backed not only by the stability of our Government and the high state of productivity of our whole economy, but, above all, by the moral and spiritual fibre of our people.

I shall now enumerate some of the principal plans of the Government for the ensuing fiscal year.

HOUSING PROGRAMME

The provincial second mortgage loan plan, which is governed by The Housing Development Act, 1948, has been in active operation for a period of nine months. The plan was designed as a practical means of helping to ease the housing shortage in Ontario, and is administered by the Housing Branch of the Department of Planning and Development.

Since the branch was organized, more than 5,000 Ontario families have been enabled to buy homes—families who could not otherwise have financed the necessary down payment. The Act provides relief by authorizing Housing Corporation Limited, a Crown company, to advance up to one-half of the difference between the amount of the first mortgage and the purchase price of the house, with a limit of \$1,250 on each loan. As security, a second mortgage is taken by Housing Corporation Limited. The loans bear interest at 3½ per centum per annum and are repayable over a period of 20 years, payment of principal and interest being made in equal monthly instalments. Great care is exercised to ensure that loans are made only on houses of durable construction, conforming to good building standards.

Further to The Housing Development Act, an item of \$56,000 has been included in the estimates of the Depart-

ment of Planning and Development to take care of the Government's commitment to the City of Toronto with respect to a grant of \$56,000 to the Toronto Housing Authority towards the cost of the Regent Park Housing Project.

Thirty-nine Ontario municipalities have entered into agreements with Central Mortgage and Housing Corporation for the construction of rental housing under that Corporation's 1948 programme. This Government has undertaken to reimburse the municipalities for one-half the cost of acquiring land and installing services up to a limit of \$300 per house. Under the programme, agreements have been completed and contracts let for a total of 2,915 new houses. Moreover, during this present calendar year, it is anticipated that agreements will be made with Ontario municipalities covering the construction of approximately 2,500 additional houses. More than 1,000 of these houses will be completed before December 31, 1949. Accordingly, \$1,200,000 is included in the Budget to meet anticipated commitments during the ensuing fiscal year. The assistance and encouragement resulting from the policies of this Government will prove instrumental in providing additional housing accommodation to the extent of over 10,000 housing units. This, of course, is not the whole story. During 1948, in this free enterprise Province, no less than 31,100 housing units were completed and, in addition—and I emphasize the words "in addition"—29,976 new housing units were commenced.

AGRICULTURE

It is not generally realized that Ontario, with its great diversity of farm production and adaptability to local and export market conditions, produces more farm products than any other province in Canada. The cash value of its farm products is also the greatest of any of the provinces. The cash income this year will be three times its level of ten years ago. The Department will con-

tinue with its well-balanced programme, which is the finest in Canada, with particular stress being laid this year on research in all of its branches.

The Government is determined to improve rural farm life, which represents about one-fifth of our population. The Minister of Highways, himself from rural Ontario, has greatly improved rural roads, and has provided snow-plowing not only of all King's highways but, by greatly increased provincial assistance, has made possible snow-clearing on both county and township highways. This improvement gives the farmer year-round access to markets, and does away with most of the handicaps formerly associated with rural life. The up-to-date amendments to The Community Halls Act providing for rinks, athletic fields and community halls, are contributing greatly to the attractiveness of rural living. The vast provincial grants to education are bringing to rural areas the finest of educational facilities. Last, but not least, rural power extensions are bringing the blessings of electrical energy to literally tens of thousands of rural homes. Since this Government assumed office, it has expended nearly as much on rural extensions as all other administrations since 1921 put together. In that period of time it has added no less than 84,248 new rural customers and has constructed 7,079 miles of new lines. The significance of this task may be judged from the fact that for the year ending October 31, 1943, only 21 miles of line had been constructed. The expansions of rural lines for this coming year are the greatest in all history. It is planned to build 3,889 miles of primary line, for which the Province's share of expenditure is estimated at \$13,800,000. This will extend the benefits of hydro power to upwards of 40,000 new customers, all living in rural Ontario.

HIGHWAYS

Few realize the magnitude of the operations which come under the direction of the Minister of Highways.

Ontario roads, if connected in a single road, would stretch three times around the circumference of the earth. It is estimated that motor cars travelled last year 8,000,000,000 miles over Ontario roads. Registered buses carried close to 200,000,000 passengers in 1948, and commercial vehicles transported over 10,000,000 tons of merchandise.

For the year ending March 31, 1949, provision was made in the Estimates for expenditures on Capital and Ordinary Account of \$57 millions. The coming year will see the further extension of highways which will open up new sections of Ontario and facilitate the development of manufacturing, logging, mining, farming and tourism. Much remains to be done in overtaking the great backlog of development which had to be by-passed during the war period. This year on Capital and Ordinary Account the sum of \$69 millions is being provided to further integrate the highway building programme with the demand of our expanding economy and development.

HEALTH AND WELFARE

In last year's Budget I made extended references to welfare services, to which I now refer the Members of this House. Payments for welfare services have been expanding very rapidly. The following are examples:

For the year 1943-44 the number of old age and blind pensioners was 57,692 with a cost to the Province of \$3,500,000.

For the year 1948-49 the number of pensioners is 79,870 with an estimated cost to the Province of \$9,904,000 nearly three times as much as five years ago.

The Province's share of old age and blind pension expenditures alone now exceeds the entire budget of the Department of Welfare in 1942-43.

Last year provision was made in the Estimates for pensions in the sum of \$9.4 millions. This year the amount will be \$11.7 millions.

Last year the total Estimates for the Department of Welfare were \$16.9 millions. This year the Estimates are \$22.7 millions.

Another Department dealing principally with matters of human betterment is the Department of Health. During the year the Dominion Government brought into operation their system of health grants. This in no way lightened the burden of the Province in providing health services but, in fact, has materially increased them, as will be indicated by the following figures:

For the year 1948-49 the departmental Estimates were \$21.9 millions, to which we should add \$6,000,000 which, it is estimated, we shall receive from Hospitals Tax up to 31st March, 1949, making a total of \$27.9 millions.

For the coming year 1949-50 the departmental Estimates are \$24.1 millions, and it is estimated that we shall receive \$6.5 millions from Hospitals Tax, making a total for the coming year of \$30.6 millions. Added to this huge figure will be the Dominion grants. It can be said, without fear of contradiction, that Ontario's health services are far in advance of any other jurisdiction in Canada.

The Hospital Aid Fund for the first year of its operation will show receipts from Hospitals Tax, together with the additions from the Consolidated Revenue Fund, of \$9.5 millions, and estimated expenditures as of March 31, 1949, of \$9.4 millions. The Hospital Aid Fund provides for grants to hospitals both for maintenance and capital purposes. This system is the most advanced in Canada. A full description of the plan is given in the budgets of 1947 and 1948. This year all of the Province's 175 general hospitals are participating in the Province's maintenance grants, and this year no less than 3,763 beds have been authorized and qualified for the capital grants as set out in the regulation, with 527 bassinets additional.

I table herewith a statement of the Hospital Aid Fund estimated to March 31, 1949.

SUMMARY
HOSPITAL AID FUND

12 GEO. VI, 1948, CHAP. 40, SEC. 2

FISCAL YEAR APRIL 1, 1948—MARCH 31, 1949

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

Receipts:		
Hospitals Tax after providing for expenses of Collection.....	\$6,050,000.00	
Appropriations from Consolidated Revenue Fund:		
Hospital Maintenance Grants.....	2,300,000.00	
Hospital Capital Grants.....	1,150,000.00	
		\$9,500,000.00
Disbursements:		
Grants to, or on behalf of, Public Hospitals for maintenance and assisting in the costs of increasing facilities.....		9,380,000.00
Interim excess of Receipts over Disbursements.....		<u>\$120,000.00</u>

NATURAL RESOURCES

Both the Departments of Lands and Forests and Mines, are showing increased appropriations over last year. The Department of Mines is extending its geological mapping and scientific surveys, and is engaging in extensive air-borne magnetometer surveys. The Department of Lands and Forests is making further progress in its programme of aerial photography and mapping of Ontario's forest resources. Wild life research and forest regeneration and investigations are being expanded. The great fire in Mississagi Forest Reserve District has brought about very extensive salvage operations, which have been undertaken for the first time in the Province's history. Excellent progress has been made, and this year there is an estimated salvage of 80 million board feet of lumber and railway ties. During the present year, \$1.5 million has been expended on salvage operations. For the coming year, \$4.6 millions will be expended on these operations and, in the meantime, the Department's Estimates will be increased over and above this figure from \$8.2 millions to \$10.2 millions, making with the salvage operations a total of \$14.8 millions. This year's Estimates, including the salvage operations, will be over \$6.5 millions higher than last year. Reforestation activities are being expanded, and emphasis will be placed upon fire fighting and prevention facilities. Fifteen additional Beaver aircraft have been purchased, and a new hangar has been completed at Sault Ste. Marie. The Research Council is providing and supervising a number of

scholarships for students enrolled in courses of instruction relating to natural resources, and is also directing a number of highly important research investigations into various phases of conservation and development.

EDUCATION

For the coming fiscal year we are budgeting for the record sum of \$49.8 millions. Of this vast sum \$37,000,000 is for grants to be paid to the School Boards of Ontario. This sum has grown from \$8.2 millions in 1943 to \$34.9 millions in the year 1948 and, as stated, for next year will be \$37,000,000. These great additions to our grants are resulting in far-reaching betterments in our educational system.

Our universities have been the subject of thoughtful consideration on the part of the government.

In the Budget of 1947 I gave particulars of capital grants to the Universities of Ontario amounting to \$4,000,000. At that time, due to its organizational set-up, it was not possible to make a grant to McMaster University. Since that time, with the incorporation of Hamilton College and certain changes in the McMaster constitution, it is now possible for the Government to make a grant to this very fine university, which has been taking a leading part in the studies of atomic energy, and it is equally possible for this university to accept such a grant. Accordingly, the Government proposes to recognize the work of this excellent institution by a grant of \$250,000, which will be made from the surplus arising from the

management of funds paid into the Accountant of the Supreme Court of Ontario, particulars of which I gave in the Budget Speech of 1947.

Ontario's university problem is great, and continues to increase in proportion to the growth of our population. The government is anxious that the student population should not be over-concentrated in any one university, and feels that better results may be obtained by wider utilization of the particular services of each of our very fine institutions of learning. The Government has therefore decided this year to include McMaster University in the system of maintenance grants and, accordingly, will pay to this university for the coming fiscal year the sum of \$100,000. A like amount of \$100,000 is being included in the Estimates for the Medical Faculty of the University of Ottawa, which is doing a particularly good work in the training of additional medical personnel which are so urgently needed in this Province. The maintenance grants for Queen's University and University of Western Ontario will each be increased to \$375,000. Carleton College will receive a maintenance grant of \$65,000. Included in the Estimates for the University of Toronto is in all the sum of \$2,500,000.

THE MUNICIPALITIES OF ONTARIO AND THEIR PROBLEMS

Over the years, this Government has shown keen interest in the problems of our municipalities.

The municipalities and their powers arise from provincial statutes which had their beginnings 100 years ago in 1849, when Robert Baldwin, in collaboration with his brilliant contemporary Louis Lafontaine, introduced what has come to be known as the Baldwin Act—the first Municipal Act. During the past year the Hon. Mr. Dunbar, the Minister of Municipal Affairs, called a conference of representatives of the municipalities and the Heads of government departments. The purpose of the conference was to bring the representatives

and officials of the municipalities in closer touch with the different departments of the Provincial Government. At the commencement of the conference the Minister said, "This is the first time in the history of the Province of Ontario that such a conference has been held. We have had organizations wait upon the Cabinet and present their briefs, but this is the first time all of the representatives of all of the municipal organizations have met the members of the Cabinet, their deputies and officials, and we hope that some good will come from this conference."

At the conference and following, briefs were submitted and municipal problems were generally discussed. To all of these representations and discussions the Government has given consideration. It is planned to continue and indeed extend the study of problems arising in the sphere of municipal government.

It is opportune at this time to examine the general position. It should be stated that, going back for some 25 years, there has been a very marked trend on the part of the Province to recognize the altered conditions which greatly affect the original conceptions of municipal government. Many obligations, which at one time were recognized as being municipal, have been assumed by the Province.

I shall not attempt to deal in any detail with these changes beyond referring the Members of this House to some of the outstanding changes, which I enumerate as follows:

The abolition of municipal contribution to King's highways;

Increased subsidies for county and township roads and bridges;

The payment in 1947 of a share of gasoline tax to urban municipalities;

Relief of the municipalities from payments for old age pensions, mothers' allowances, pensions for the blind;

Assistance in the payment of unemployment relief;

Relief from payment for indigent patients in Sanatoria;

Grants, both capital and maintenance, to hospitals;

Extended grants to community halls, athletic fields, drainage aids;

Payment by the Liquor Control Board of grants to allow for municipal taxation and the allowance to municipalities of substantial amounts arising from liquor licences;

The payment since 1937 of a one mill subsidy on the general assessment;

The vastly increased grants in aid of education.

The grants to school boards, by calendar years, are as follows:

1943.....	\$8,213,398
1944.....	\$8,697,557 together with an additional one mill to the municipalities on general assessment amounting to... \$3,064,076
1945.....	\$26,600,204
1946.....	\$29,236,035
1947.....	\$30,134,337
1948.....	\$34,953,528
1949 (estimated).....	\$37,060,000

The above is only a very rough summary of the trend to which I have referred in the assumption of obligations which we formerly regarded as being those of the municipalities. In total, they have had a very marked effect on the financial position of our municipalities. At the moment, the tremendously increased grants for education, and their effect on municipal organization, have not been fully appraised. If this great reform had not been undertaken, not only would education itself have suffered, but the additional burdens on the municipalities would have been staggering indeed. As an aftermath of the war, the municipalities, with all other governments, have been faced with greatly increased costs. Their position would have been very different.

The effect of the assumption by the Province of the obligations to which I have referred generally, has been reflected in the financial position of our municipalities. In 1932 the gross debt of the municipalities was \$504.7 millions; in 1939 this was reduced to \$388.2 millions, and by the end of 1947

it further decreased to \$219.9 millions. This great reduction in debt, amounting to nearly \$300,000,000, has not only bettered their credit position, but has very materially reduced debt service and repayment charges, giving the municipalities greater fiscal freedom.

The total taxes levied by the municipalities in 1932 was \$126.8 millions. By 1939 this had fallen to \$114.2 millions. In 1947 the reflection of the war is evident, and this had risen to \$135.3 millions. It, however, must be borne in mind that these are taxes levied on an increased assessment. The total municipal assessment in 1939 was \$2,968 millions, while in 1947 it was \$3,346 millions, which, to quite a considerable extent, offsets this increase.

The above summary can lead only to one conclusion, that is, the position of our municipalities is extremely sound, and that the increase in their tax levies has been kept well in hand despite the stresses of the times in which we live.

The Government is most anxious to continue with sound reform. Municipal government is a most important and essential side of provincial administration. Municipal government, being close to the people, assures a constant scrutiny by the people of local expenditure. This is a great contribution to good administration.

At this time, it is, of course, not possible to deal with more than a portion of the representations made by the municipalities and the studies which we have made. There are, however, certain phases to which I should like to refer, and to recommend to this House action in line with the trends of the past, at the same time laying the foundation for increased efficiency in municipal and provincial administration.

One point is in relation to social services. The municipalities have submitted that the Provincial Government should assume the entire cost of social services. As I have stated, already the Government has assumed the major portion of these costs. To entirely assume them would be to deprive the people of the value of administration at the municipi-

pal level where certain matters can be dealt with more effectively. On the other hand, if administration is to be municipal, it follows that for good administration there must be a contribution on the part of the administering body. While there is great force in the argument that the cost of social services should not be borne by real estate, there is the fact that it is in the interests of the people generally that this administration should be carried on by the municipalities.

The Government is, therefore, taking the view that while it would be unwise to relieve the municipalities of all of the cost of social services, a further contribution may be made to these services, and at the same time compensation can be given to municipalities in giving assistance in certain matters which are really municipal in their nature. The Government will also give the urban municipalities an equitable share of gasoline tax. This is the policy which will be followed.

The other point relates to the one mill subsidy. This subsidy was introduced in 1937, and has since been carried on from year to year. Municipalities have, from time to time, objected to the distribution as being unfair. It is recognized that there is a wide diversity in local conditions, and variable factors in determining assessment values, and that it is not feasible to bring into effect uniform municipal assessment throughout the Province. This matter is referred to in the joint briefs of the Association of Mayors and Reeves, the Municipal Association, the Association of Rural Municipalities and the Northwestern Ontario Municipal Association. This brief states, "The taxable assessment of a municipality is neither an accurate measure of the capacity of the inhabitants to carry the burden of the municipal services, nor a reliable indication of the need for municipal services." The brief recommends a different approach to this distribution. After thorough consideration, it would appear that the best approach that can be made at the moment is on the basis of a percentage of cost to be borne by the Province at large. The Government, therefore, proposes to

discontinue the one mill subsidy, which, for this fiscal year, will involve the payment of \$3,325,000, and to substitute in its stead the following proposals, which will involve payments to the municipalities estimated at \$6,300,000.

Legislation will be introduced immediately by the following Ministers to give effect to government proposals which are as follows:

1. By the Attorney-General.

Legislation to permit the payment to municipalities of a percentage of cost of municipal fire departments based upon population, and the cost of such department for the year preceding the year in which the grant is made.

Estimated \$1,500,000

Legislation to permit the payment to municipalities of a percentage of cost of municipal police departments based upon population, and the cost of such department for the year preceding the year in which the grant is made.

Estimated \$1,600,000

2. By the Minister of Highways.

Under amendments to The Highways Improvement Act, enacted in 1947, there has been paid to the urban municipalities of the Province a subsidy equal to 50 per cent. of the road expenditures, restricted to a total expenditure not exceeding, in the case of a city or separated town, and of a town or village in the northern districts, 2 mills on the municipal assessment, and not exceeding, in the case of a town or village in a county, twice the amount of the county road levy for the previous year. The new legislation will provide for the removal of the expenditure restrictions in all cases, and will provide for the payment to a city or separated town of a subsidy equal to $33\frac{1}{3}$ per cent. of approved unrestricted road expenditures, and to every town and village of a subsidy equal to 50 per cent. of total approved unrestricted road expenditures.

The expenditure restrictions which have been imposed on the urban

townships of York and East York will also be removed, and these townships will be subsidized on approved unrestricted road expenditures at the same rate as cities and separated towns. This will involve additional subsidy payments in these several municipalities amounting in the aggregate to—

Estimated \$700,000

3. By the Minister of Welfare.

To assist municipalities in further providing adequate care for aged persons, it is proposed that the Province shall pay to the municipalities one-half of the net cost of maintenance of municipal homes for the aged.

Estimated \$200,000

To encourage the erection of new municipal homes, the Province will now pay 50 per cent. of the cost of new construction.

Estimated \$850,000

The Province will pay the municipalities 25 per cent. of their statutory liability for the maintenance of children who are wards of the Children's Aid Society.

Estimated \$800,000

To encourage the Children's Aid Societies of the Province, whose costs to date have been borne in large measure by the municipality, the Province will pay to the societies in each case a sum equal to 25 per cent. of the amounts which they may raise from private subscriptions.

Estimated \$200,000

4. By the Minister of Municipal Affairs.

Every municipality shall be guaranteed benefits under this plan of at least 1 mill, and should any municipality receive less than 1 mill of benefits under Nos. 1-3 inclusive, the Department of Municipal Affairs will make up the difference to a maximum benefit equal to the 1 mill subsidy payable in the year 1948.

Estimated \$500,000

May I here say that municipal administration in Ontario has been excellent. The great debt reductions, and the

control, which are reflected in municipal tax levies which I have referred to, are evidences of this. With great respect for the record of the municipalities, I am sure the words of caution with which I prefaced this Budget, as applied to provincial financing, can be here repeated. Of this increased assistance, as much as possible should be passed on to the taxpayer. Municipal governments are pressed, as is the Provincial Government, to undertake tasks which, in many instances, have no relation to their sound capacity to pay. It is well for us to remember that all cannot be done at once. We cannot obtain everything at the same time.

We should all bear in mind the fact that all moneys raised and expended for the public service, municipal or provincial, belong to the people, and that unduly heavy taxation burdens our people and impedes the sound, balanced development for which we are striving.

PUBLIC INVESTMENT

I have already discussed certain large and important matters relating to Public Investment under the headings of Housing, Rural Power Extensions, Highways and Natural Resources. I should like here to mention The Ontario Northland Railway, which is keeping pace with other provincial developments. The earnings of the railway are being ploughed back into capital additions, which include 600 new freight cars, which places the system on parity with other systems; diesel yard engines are now in operation, and a block signal system is in prospect. It is expected that operating revenues for the ensuing year will continue at least at present levels. The policy of constantly improving this system, which has borne a great part in the development of Northern Ontario, will be continued.

The greatest public investment programme in Ontario, and, indeed, in Canada, is that of the Hydro-Electric Power Commission. Reference to the financial statements already tabled will indicate something of what has been accomplished in the past year. An out-

line of this investment programme was given in last year's Budget Address. I am glad to say that the great developments at Des Joachims, Pine Portage, Chenaux, Tunnel Site and La Cave, as well as the steam generating plants and auxiliaries, are not only well under way but are ahead of schedule. It is expected that the commission will spend this year upwards of \$120,000,000 in furthering their vast programme of expansion, against which will be great and valuable assets which will provide adequate power for all new industries, additional production, new revenues, and will spell progress and prosperity for this Province.

MANAGEMENT OF THE FUNDED DEBT

In the management of the Funded Debt of the Province, certain improvements are under consideration. These improvements call for important changes in The Provincial Loans Act. It is my intention at this session to request legislation enabling the Province to provide for the registration both as to principal and interest, of all future provincial loans.

Provincial bonds, at the option of the purchaser, may in future be fully-registered and, if as and when sold to a succeeding purchaser, will be interchangeable for bonds in bearer form if required, and this at no cost to the purchaser. Authority will be sought to issue bonds in larger denominations than has been the practice during past years. These bonds will be interchangeable at the option of the purchaser for bonds of larger or smaller denominations, to suit the requirements of the investing public. It is planned that The Hydro-Electric Power Commission of Ontario will follow a similar procedure when issuing bonds covering future borrowings.

Provision for the full registration of all future provincial issues, as well as the making available of bonds in larger denominations, will, undoubtedly, increase the popularity of our bonds, and should result in an even more favourable price being obtained for all future issues.

NO NEW TAXES

There will be no new taxes. There will be tax reductions. It is proposed to introduce immediately, amendments to the undermentioned taxing statutes:

1. *The Athletics Control Act*

The 2 per cent. tax on professional athletic contests and exhibitions other than wrestling and boxing contests will be discontinued, as the patrons are subject to Hospitals Tax.

2. *The Corporations Tax Act*

(a) The formulae for the allocation of taxable income of companies transacting business in other provinces, as well as in Ontario, will be adjusted so that they will be more closely complementary to those in effect under the corporation income tax acts of other provinces.

(b) A deduction from taxable income will be allowed to all newly incorporated companies that establish their head offices in Ontario, equal to the amount of any loss which they sustain from the date of incorporation to the commencement of the fiscal year during which they first earn a profit.

(c) All investment companies exempt from tax on income under The Income Tax Act (Canada) will be exempt from tax on income under the Ontario Act.

(d) Provisions of a regulatory character now in The Income Tax Act (Canada) will be included in the Ontario Act.

(e) The deduction now allowed for development expenses incurred by mining companies will be broadened.

3. *Personal Income Tax*

I have to announce that the Government has decided to continue the suspension of the collection of taxes under The Income Tax Act (Ontario). This suspension will apply to personal incomes earned during the year 1949. The appropriate legislation authorizing the continuance of the suspension of the operation of

The Income Tax Act (Ontario) will be introduced immediately.

The Government of Ontario refrains from exercising its right to impose personal income tax under The Income Tax Act (Ontario) in the belief that taxes on individuals are already on a scale detrimental to Canadian economy.

In continuing the suspension of the collection of taxes under The Income Tax Act (Ontario) this Government leaves the way open for the Federal authorities to reduce personal income tax. This should be done, especially in the lower brackets, not only on the grounds of sound economy but also for humanitarian reasons.

4. *The Succession Duty Act*

(a) To extend the exemptions to religious organizations of devises,

bequests and gifts to include the whole of Canada.

(b) To afford relief to widows and children by exempting preferred beneficiaries from duty, where the aggregate value of the estate does not exceed \$50,000, instead of \$25,000 as at present.

(c) To extend the time for payment of duty by beneficiaries receiving annuities or incomes.

BUDGET FORECAST FOR FISCAL YEAR 1949-50

With your permission, I now place on the records of the House the budget forecast of Ordinary Revenue, Ordinary Expenditure, Capital Receipts and Capital Payments, and a Summary for the fiscal year April 1, 1949, to March 31, 1950, and I forecast a surplus of \$157,546.

BUDGET FORECAST OF ORDINARY REVENUE

FISCAL YEAR APRIL 1, 1949—MARCH 31, 1950

<i>Department</i>	<i>Gross Ordinary Revenue</i>		<i>Application of Revenue to Expenditure</i>		<i>Net Ordinary Revenue</i>	
	\$	c.	\$	c.	\$	c.
Agriculture.....	829,000.00				829,000.00	
Attorney-General.....	1,573,000.00		301,000.00		1,272,000.00	
Education.....	1,596,000.00				1,596,000.00	
Health.....	2,033,000.00		20,000.00		2,013,000.00	
Highways:						
Main Office and Branch.....	10,000.00				10,000.00	
Gasoline Tax Branch.....	52,500,000.00				52,500,000.00	
Miscellaneous Permits Branch.....	120,000.00				120,000.00	
Motor Vehicles Branch.....	15,000,000.00				15,000,000.00	
	67,630,000.00				67,630,000.00	
Insurance.....	254,000.00				254,000.00	
Labour.....	195,000.00		9,000.00		186,000.00	
Lands and Forests.....	10,850,000.00				10,850,000.00	
Mines.....	2,946,000.00		8,000.00		2,938,000.00	
Municipal Affairs.....	251,000.00				251,000.00	
Provincial Secretary.....	541,500.00				541,500.00	
Provincial Treasurer:						
Main Office—Subsidy.....	3,155,000.00				3,155,000.00	
Interest.....	71,200.00				71,200.00	
Liquor Authority Transfer Fees.....	650,000.00				650,000.00	
Liquor Control Board.....	32,000,000.00				32,000,000.00	
Controller of Revenue:						
Succession Duty.....	15,000,000.00				15,000,000.00	
Corporations Tax.....	56,500,000.00				56,500,000.00	
Race Tracks.....	2,200,000.00				2,200,000.00	
Security Transfer Tax.....	750,000.00				750,000.00	
Land Transfer Tax.....	900,000.00				900,000.00	
Law Stamps.....	500,000.00				500,000.00	
Motion Picture Censorship and Theatre Inspection Branch.....	209,000.00				209,000.00	
Province of Ontario Savings Office.....	480,300.00		480,300.00			
	112,415,500.00		480,300.00		111,935,200.00	
Public Works.....	41,000.00		3,000.00		38,000.00	
Reform Institutions.....	1,951,000.00		1,281,300.00		669,700.00	
Miscellaneous.....	100,000.00				100,000.00	
Public Debt, Interest, Exchange, etc.....	4,817,300.00		4,817,300.00			
	208,023,300.00		6,919,900.00		201,103,400.00	

BUDGET FORECAST OF ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1949—MARCH 31, 1950

Department	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Net Ordinary Expenditure
	\$ c.	\$ c.	\$ c.
Agriculture.....	7,902,267.00		7,902,267.00
Attorney-General.....	10,321,465.00	301,000.00	10,020,465.00
Education.....	49,794,800.00		49,794,800.00
Health.....	24,099,050.00	20,000.00	24,079,050.00
Highways.....	33,500,000.00		33,500,000.00
Insurance.....	109,700.00		109,700.00
Labour.....	963,262.00	9,000.00	954,262.00
Lands and Forests.....	10,215,600.00		10,215,600.00
Lieutenant-Governor.....	14,500.00		14,500.00
Mines.....	847,700.00	8,000.00	839,700.00
Municipal Affairs.....	1,366,825.00		1,366,825.00
Planning and Development.....	2,474,145.00		2,474,145.00
Prime Minister.....	55,650.00		55,650.00
Provincial Auditor.....	210,000.00		210,000.00
Provincial Secretary.....	910,025.00		910,025.00
Provincial Treasurer.....	3,157,450.00	480,300.00	2,677,150.00
Public Welfare.....	22,735,865.00		22,735,865.00
Public Works.....	3,000,000.00	3,000.00	2,997,000.00
Reform Institutions.....	6,345,900.00	1,281,300.00	5,064,600.00
Travel and Publicity.....	599,550.00		599,550.00
Miscellaneous.....	100,000.00		100,000.00
Public Debt—Interest, Exchange, etc.....	23,515,800.00	4,817,300.00	18,698,500.00
Sinking Fund Instalments and Railway Aid Certificates.....	5,626,200.00		5,626,200.00
	<u>207,865,754.00</u>	<u>6,919,900.00</u>	<u>200,945,854.00</u>

BUDGET FORECAST OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1949—MARCH 31, 1950

Department	Gross Capital Receipts	Application of Receipts to Payments	Net Capital Receipts
	\$ c.	\$ c.	\$ c.
Highways.....	305,000.00		305,000.00
Labour.....	5,500,000.00		5,500,000.00
Lands and Forests.....	225,000.00		225,000.00
Mines.....	45,000.00		45,000.00
Provincial Secretary.....	3,868,000.00		3,868,000.00
Provincial Treasurer.....	26,372,650.00		26,372,650.00
Public Welfare.....	23,009,578.00	23,009,578.00	
	<u>59,325,228.00</u>	<u>23,009,578.00</u>	<u>36,315,650.00</u>

BUDGET FORECAST OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1949—MARCH 31, 1950

Department	Gross Capital Payments	Application of Receipts to Payments	Net Capital Payments
	\$ c.	\$ c.	\$ c.
Agriculture.....	14,050,000.00		14,050,000.00
Health.....	13,775,000.00		13,775,000.00
Highways.....	35,500,000.00		35,500,000.00
Labour.....	5,500,000.00		5,500,000.00
Lands and Forests.....	4,630,000.00		4,630,000.00
Provincial Secretary.....	1,300,000.00		1,300,000.00
Provincial Treasurer.....	2,387,700.00		2,387,700.00
Public Welfare.....	23,009,578.00	23,009,578.00	
Public Works.....	8,500,000.00		8,500,000.00
Miscellaneous.....	150,000.00		150,000.00
	<u>108,802,278.00</u>	<u>23,009,578.00</u>	<u>85,792,700.00</u>

SUMMARY

BUDGET FORECAST

APRIL 1, 1949—MARCH 31, 1950

Net Ordinary Revenue.....	\$201,103,400.00
Less: Net Ordinary Expenditure (before providing for Sinking Funds and Maturing Railway Aid Certificates).....	195,319,654.00
Surplus (before providing for Sinking Funds and Railway Aid Certificates).....	5,783,746.00
Less: Provision for Sinking Funds and Railway Aid Certificates.....	5,626,200.00
Surplus Forecast.....	<u>\$157,546.00</u>

Mr. Speaker:

I am grateful for the patient hearing accorded to me today in presenting to this House the financial programme of the Government, which will, in furtherance of our policies and achievements of the past, contribute to the production of new wealth for the enjoyment of all our people.

One has only to consider the items which compose a Budget for this Province to catch the vision of the greatness and the future of Ontario. Sometimes we allow ourselves to be so immersed in the complexity and variety of our problems—some great and some small—that we lose sight of the true meaning of Ontario and her possibilities. We should stop and look about us. We live in the greatest province, in the finest country in the world. There is no better.

We who live in Ontario should be thankful for the privilege of enjoying a measure of freedom and opportunity unequalled in any other land in the whole world. Ontario is a wonderful province. One of nine, soon, we hope, ten, great provinces, nourishing a grand people who make up this strong young nation; this Canada of ours.

It has been the continued policy of this government, from the first day it took office, to bring about the greatest

economic progress consistent with maintaining economic stability; to bring about a healthy growth, a development calculated as nearly as human skill can design; and to employ to the best advantage all the resources, human and material, with which our land is so richly endowed. We have endeavoured to employ these resources, human and material, for the lasting benefit of the largest segment of our society, and for the benefit of succeeding generations.

I have repeated in this address that it is impossible to attain perfection, or to secure every good thing at one fortunate stroke. We cannot have everything at the same time. This is the story of Ontario. This is the story of our progress. Since the days of our beginning, a century and three-quarters ago, our history has been one of striving, overcoming and achieving. Difficulties were never far removed from our fathers. From small and discouraging beginnings they gained, developed and prospered. Their success is attested to by the magnificent province of today which challenges our enthusiasm and spirit. History is a great teacher. If we follow the pattern of the past, we know with certainty that the even development of our economy will add up to progress and stability—to a greater, happier and more prosperous Ontario.

SUB-INDEX

Subject

PAGE

1—Province of Ontario Savings Office—	
Balance Sheet as at March 31, 1948	32
2—Surpluses and Deficits, 1867 to 1949	33
3—Gross and Net Debt, 1914 to 1948	34-35
4—Provincial Debt at March 31, 1948, showing investment thereof	36
5—Gross Provincial Debt at March 31, 1947 and 1948	37
6—Net Provincial Debt at March 31, 1947 and 1948	38

STATEMENT No. 1

THE PROVINCE OF ONTARIO SAVINGS OFFICE

BALANCE SHEET AS AT MARCH 31, 1948

ASSETS

Cash: On hand.....	\$984,152.94	
In Banks.....	146,066.99	
		<u>\$1,130,219.93</u>
Deposit with Provincial Treasurer.....		62,269,460.39
Accounts Receivable.....		592.04
Fixtures: Cost.....	\$155,593.15	
<i>Less: Reserved for Depreciation</i>	138,795.73	
		<u>16,797.42</u>
Alterations to Premises: Cost.....	\$23,665.16	
<i>Less: Written Off</i>	18,494.52	
		<u>5,170.64</u>
		<u><u>\$63,422,240.42</u></u>

LIABILITIES

Depositors' Funds.....	\$63,128,957.32
Surplus.....	293,283.10
	<u><u>\$63,422,240.42</u></u>

STATEMENT No. 2
STATEMENT SHOWING SURPLUS OR DEFICIT
FOR THE PERIOD FROM JULY 1ST, 1867, TO MARCH 31ST, 1949

	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.....	191,698,952.37	166,070,199.53	25,628,752.84	
" " " " " 1949**.....	206,034,000.00	204,902,000.00	1,132,000.00	

*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 1949 inclusive shown as net surplus after applying certain revenues as a reduction of expenditure.

**Gross Interim figures only.

STATEMENT No. 3

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
1948.....	628,388,000	16,833,000	87,850,000	30,208,000	43,577,000

*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. 3

OF ONTARIO

AND NET DEBT

1948

PRODUCING ASSETS

NET DEBT

<i>Total</i> \$	<i>Yearly</i> <i>Increase</i> \$	<i>Total</i> \$	<i>Yearly</i> <i>Increase</i> \$	<i>Year</i>	<i>Population</i> **	<i>Per Capita</i> <i>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
161,635,000	9,501,000	466,753,000	26,334,000	1948 "	4,297,000	114.75

STATEMENT No. 4

PROVINCIAL DEBT

STATEMENT SHOWING INVESTMENT THEREOF AS AT MARCH 31, 1948

FUNDED DEBT—

Stock and Debentures Outstanding.....	\$576,788,000.00
Railway Aid Certificates.....	16,696.79
	<u>\$576,804,696.79</u>
Less: Sinking Funds.....	32,980,000.00
Total Funded Debt.....	<u>\$543,824,696.79</u>

UNFUNDED DEBT—

Savings Office Deposits.....	\$63,128,957.32
Special Funds, etc.....	11,800,262.96
	<u>74,929,220.28</u>
Accounts Payable and Accrued Interest.....	9,634,102.40
Gross Debt.....	<u>\$628,388,019.47</u>

INVESTMENT THEREOF—

Revenue Producing and Realizable Assets—

Hydro-Electric Power Commission Advances.....	\$87,850,405.40
Ontario Northland Transportation Commission—Advances.....	30,207,934.92
Loans—Farm, Municipal, etc.....	20,829,275.41
Accounts Receivable.....	9,361,049.27
Cash.....	13,385,868.50
	<u>\$161,634,533.50</u>

Revenue Producing but not Realizable Assets—

Roads and Highways.....	\$409,934,797.65
Niagara Parks Commission (Surplus of Assets).....	1,442,087.03
Dominion of Canada—Common School Fund.....	1,424,597.20
Dominion of Canada—Debt Account.....	2,848,289.52
	<u>415,649,771.40</u>
Total Revenue Producing Assets.....	<u>\$577,284,304.90</u>

Non-Revenue Producing Assets—

Public Buildings, Public Works, etc.....	\$129,061,881.87
Equipment, Stores and Materials.....	3,560,657.55
Other Loans and Advances.....	2,705,906.27
	<u>135,328,445.69</u>

Other Assets—

Discount on Debentures, etc. (Less amount amortized).....	3,581,020.59
Total Assets.....	<u>\$716,193,771.18</u>

SURPLUS AND RESERVES—represented in above Assets..... \$ 87,805,751.71

STATEMENT No. 5

GROSS PROVINCIAL DEBT

STATEMENT SHOWING DECREASE FOR FISCAL YEAR APRIL 1, 1947, TO MARCH 31, 1948

	1947	1948	Decrease 1948 over 1947
	\$ c.	\$ c.	\$ c.
Funded Debt.....	563,263,201.45	543,824,696.79	19,438,504.66
Unfunded Debt.....	72,578,497.20	74,929,220.28	2,350,723.08
Income Liabilities.....	9,379,759.02	9,634,102.40	254,343.38
GROSS DEBT.....	<u>645,221,457.67</u>	<u>628,388,019.47</u>	<u>16,833,438.20</u>

ACCOUNTING FOR DECREASE IN GROSS DEBT—

Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.....	\$ 18,251.86
Sinking Fund Instalments.....	5,481,000.00
Surplus on Ordinary Account.....	25,628,752.84

\$31,128,004.70

Dominion-Provincial Tax Suspension Agreement, Rebate..... 28,789,996.59

Discount on Debentures, written off..... 545,931.56

Earnings on Sinking Fund Investments (net)..... 1,802.98

Net Repayments on Loans Receivable—

Hydro-Electric Power Commission of Ontario.....	\$1,662,108.84
Agricultural Development Board.....	2,800,000.00
Tile Drainage.....	18,847.95
Municipal Debentures.....	31,260.39
Co-operative Marketing Loans.....	52,845.00
Guaranteed Debentures Redeemed.....	166,105.60
Miscellaneous.....	222,028.48

4,953,196.26

Increase in Reserves (net)..... 9,813.50

Decrease in Sundry Assets of Savings Office..... 5,861.37

\$65,434,606.96

Deduct—

Capital Disbursements—

Disbursements on Highways, Public Buildings, Works, etc.....	\$35,063,973.12
Less: Capital Receipts.....	353,376.24

\$34,710,596.88

Discount on Debentures, issued during the year (net)..... 250,360.00

Increase in Income Liabilities..... 254,343.38

Increase in Cash..... 13,385,868.50

48,601,168.76NET DECREASE..... \$16,833,438.20

STATEMENT No. 6

NET PROVINCIAL DEBT

STATEMENT SHOWING DECREASE FOR FISCAL YEAR APRIL 1, 1947, TO MARCH 31, 1948

	1947		1948		Decrease 1948 over 1947	
	\$	c.	\$	c.	\$	c.
Gross Debt.....	645,221,457.67		628,388,019.47		16,833,438.20	
Revenue Producing and Realizable Assets.....	152,134,453.43		161,634,533.50		9,500,080.07	
NET DEBT.....	493,087,004.24		466,753,485.97		26,333,518.27	

ACCOUNTING FOR DECREASE IN NET DEBT—

Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.....	\$ 18,251.86
Sinking Fund Instalments.....	5,481,000.00
Surplus on Ordinary Account.....	25,628,752.84

\$31,128,004.70

Dominion-Provincial Tax Suspension Agreement Rebate.....	28,789,996.59
Discount on Debentures, written off.....	545,931.56
Earnings on Sinking Fund Investments (net).....	1,802.98
Increase in Reserves (net).....	9,813.50
Decrease in Savings Office—Furniture and Fixtures and Alterations to Premises.....	5,350.37
Miscellaneous Decreases.....	5,702.96
Net Repayments in respect to Other Loans and Advances.....	418,910.76
Increase in Income Accounts Receivable.....	879,158.40

\$61,784,671.82

Deduct—

Capital Disbursements—

Disbursements on Highways, Public Buildings, Works, etc.....	\$35,063,973.12
Less: Capital Receipts.....	353,376.24

\$34,710,596.88

Discount on Debentures, issued during the year (net).....	250,360.00
Decrease in Accrued Interest on Agricultural Development Board Debentures.....	235,853.29
Increase in Income Liabilities.....	254,343.38

35,451,153.55

NET DECREASE..... \$26,333,518.27

