

BUDGET ADDRESS

DELIVERED BY

The Hon. Leslie M. Frost

Treasurer of the Province of Ontario

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

AT TORONTO

Friday, 17th March, 1950

Also Statements of
**COMPARATIVE AND STATISTICAL
INFORMATION**



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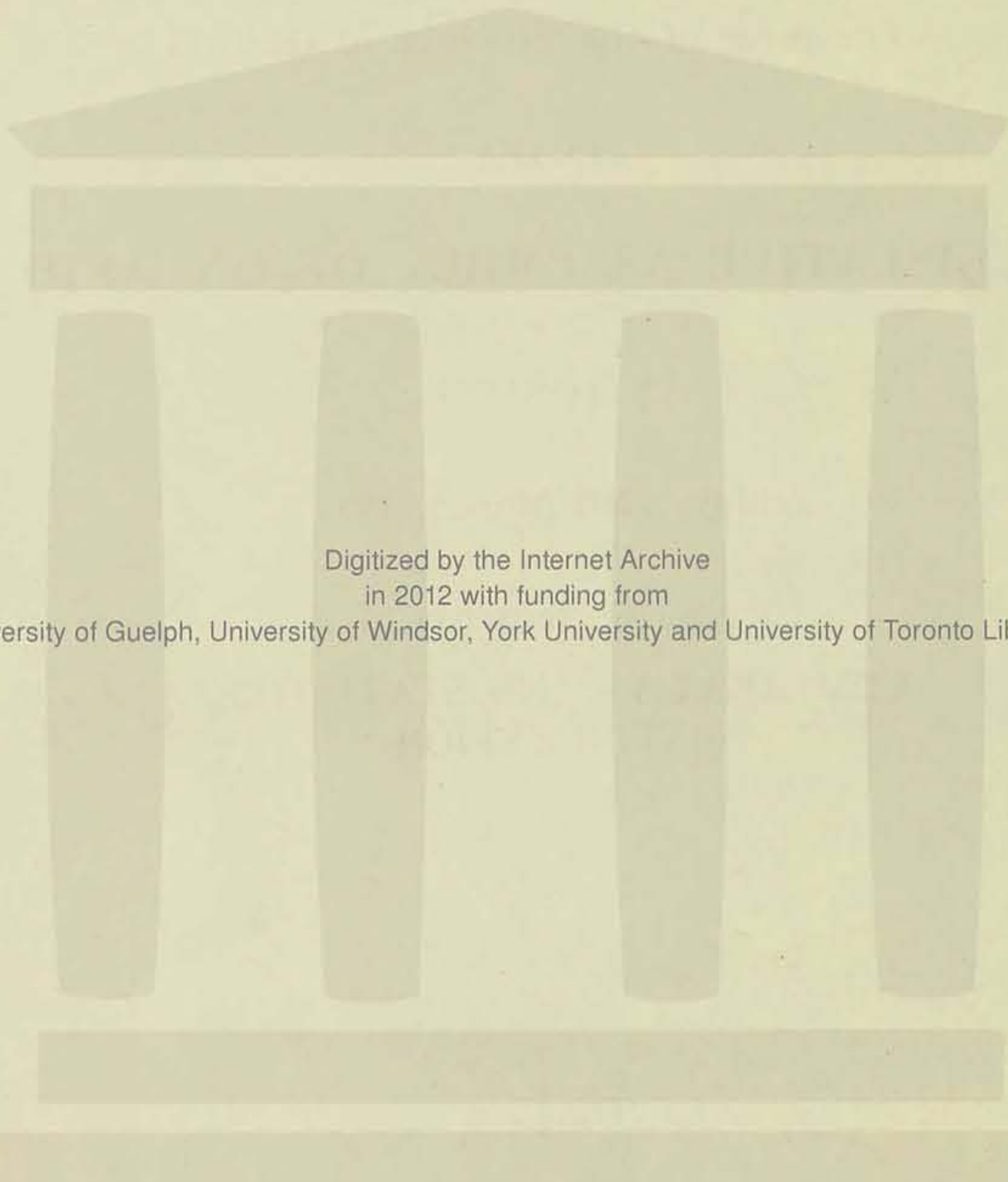
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FRIDAY, 17TH MARCH, 1950

Mr. Speaker: This is the eighth occasion on which I have had the honour as Treasurer of this great Province of Ontario of moving the historic motion that you do now leave the chair and the House resolve itself into Committee of Supply. It will be of interest, I believe, to call attention to the fact that only two of my predecessors have exceeded that number, both having made the motion on nine occasions.

I was advised by the Deputy Treasurer to accentuate that this is the first time that the Budget has been presented on the seventeenth of March. My father, who was born in Glasgow, was born on the seventeenth of March, and always claimed that he was a Scotsman.

Mr. Speaker, the preparation of the Budget is difficult; many hours have to be spent, and much work has to be gone through before the Budget is completed. I want to thank my colleagues of the Treasury Board, Mr. Dana Porter, Attorney General, and Mr. William Hamilton, Minister of Reform Institutions, for the time that they have given to this development. I would like also to thank Dr. Chester S. Walters, Mr. H. E. Brown, Mr. George Gathercole, and the Provincial Auditor, Mr. H. A. Cotnam, for all their great work, not only in aiding in the preparation of this Budget but the Budgets of other years.

A review of the times of the Honourable Richard Harcourt, who delivered nine budget addresses, the first in 1891 and the last in 1899, is interesting. To give this Legislature an idea of the expansion of Government activity, let me state that for the fiscal years ended December 31, 1890 to December 31, 1898, the nine years covered by the addresses of Mr. Harcourt, the ordinary revenue amounted in the aggregate to \$34.6 millions. During the same period the ordinary expenditure amounted to \$34.9 millions. The average expenditure for the nine years was thus slightly less than \$4 millions. The total ordinary expenditure of the Province of Ontario for this fiscal year will exceed this sum by nearly sixty times.

This being the year 1950, and, according to the opinion of some, the beginning of the second half of the 20th century, it seems appropriate to look back upon the accomplishments in the fields of science, technology, and human

betterment. Whether or not we have completed the first half of the 20th century is unimportant. After all, a century is an entirely artificial division of time. What does really matter is the progress made by this Nation and this Province.

A key to our future may be discovered in an examination of our past. We always build for the future upon our past, and our highest ambitions spring from our own experiences as well as from those inherited from our fathers. At any rate, there is no denying the fact that Canada has come full circle. She has attained to a state of nationhood, and has proved that our democracy is strong and our way of life is constantly being stabilized and improved.

REVIEW OF THE FIRST HALF OF THE TWENTIETH CENTURY

At the gateway of the century we find the figure of a noble woman, Victoria, whose reign extended over such a long period of time that most of her subjects knew no other sovereign. Queen Victoria's death marked the end of an age.

At the turn of the century, Canada, with her seven provinces and her territories, had a population of a little over five million souls; to-day her population is approaching fourteen millions. Ontario's population in 1900 was estimated at two million two hundred thousand; it now exceeds four and a half millions.

The new century was barely two years old when it witnessed the close of the South African War in which Canada played a part. In the First and Second World Wars, Canada participated to the full extent of her resources and sustained a loss in human life of more than one hundred thousand killed and missing. In addition, more than double this number were wounded, many of them permanently. The expenditure of the Federal Government on war and demobilization in those two great struggles amounted to \$24 billions. Two world wars showed Canada rising to the challenge and fulfilling her destiny in a manner which justifies the high place she occupies in the partnership of nations.

The progress in the first half of this century in scientific and technological developments has been spectacular. I draw your attention to the field of wireless communication, radio and nuclear energy; the progress in air transport and travel; the improvements in the internal combustion engine, and the organization of mass-production methods which have revolutionized not only the technique of industry but the whole pattern of social life. Consider further the advances in medicine, hygiene and hospital care, the working out of a system of public education where there is opportunity for all, the establishment of a great body of welfare services, and finally, in a field in which Ontario has itself contributed so much, the development of hydro-electric power. These and others like them have had a marked effect in giving shape and strength to Ontario's economy.

I have mentioned the development of Hydro. The Commission, established in 1906, began distributing power in 1909. To-day it is one of the largest integrated power systems in the world. In 1900 only a little over 50,000 H.P. of electrical energy was developed in Ontario by all operators; by 1949 all utilities in the Province were developing about 3 million H.P., a sixty-fold increase. The Province now has a developed capacity of nearly seven-tenths of a horsepower for every man, woman and child. In per capita terms it produces from its own stations 29 per cent. more power than is generated in the United States, and consumes 65 per cent. more.

The second dominant feature in provincial development in the first half of the century is our extensive network of highways which resulted from the invention of the internal combustion engine and the genius for mass-production. First the emphasis had been on the construction of railways; since the First World War it has been on improving highways. The growth of motor traffic after the First World War made more and harder surfaced highways imperative. The first concrete highway in the Province was constructed in 1915 to 1917 along the Lakeshore between Toronto and Hamilton at a cost of \$926,000. This gave impetus to demands for a provincial system of highways. To-day Ontario has 73,000 miles of highways, 8,000 miles of which are surfaced with concrete or bituminous material, and 50,000 miles are surfaced with crushed stone or gravel. From less than two hundred motor-vehicle registrations in 1900 there are now nearly one million.

The third factor in the first half of the 20th century has been the construction and operation of the Ontario Northland Railway. Construction of this railway began in 1903. Five years later the railway had been completed as far as Cochrane. It was during the construction of this provincial railway in 1903 that the rich deposits of silver and cobalt were discovered in the Nipissing District. Gold was discovered at Porcupine in 1909 and at Kirkland Lake in 1911. The railway has materially facilitated the expansion of the pulp and paper industry. This industry has served as a counter pay load to the inbound traffic to the mines. The Ontario Northland Railway has not only created these industries but has promoted farming, established communities, and has pushed back the northern frontier. There have, of course, been others such as immigration, the influx of investment capital, the deepening of the Welland Canal, and the technological advances in mining, forestry and agriculture, the effects of which should not be underestimated.

In 1900, 57 per cent. of the 2.2 millions people in Ontario lived in rural areas as against 66 per cent. to-day who are urban. Farming was the principal occupation of the people and the vast majority of the settlers from Britain and Europe went on the land. In the last fifty years farming in the Province has changed considerably. The tobacco crop has increased more than thirty-fold to over 100 million lbs., and several new crops such as soya beans and sugar beets have been added.

The number of horses and sheep has declined but on the other hand the number of cattle and swine has increased. As a consequence of our living standards the poultry and dairy industries of Ontario have expanded tremendously. For instance, in 1949 Ontario produced in butter ten times its production in 1900, and even this output failed to supply our consumption. Fluid milk finds its way directly to the consumer or to the creamery instead of the cheese factory. Last year fluid milk sales were two and one-half times their level in 1920, indicating a substantial rise in consumption per capita. Ontario with its fine farm lands produces more farm products than any other Canadian province.

In forestry the passage of time has also wrought changes. At the opening of the century several thousand men worked in the great stands of red and white pine producing about $1\frac{1}{2}$ billion feet board measure of choice lumber. Shortly, the day of the white pine man began to decline. This decline has been more than offset by the expansion in the pulp and paper industry. In 1900 there were ten small pulp and paper mills operating in the Province whose production would not have met the needs of three or four of the large-sized newspapers to-day.

By 1909 the United States was beginning to import pulp and newsprint from Canada on an increasing scale. By 1918 Ontario's pulp and paper production had increased to a value of nearly \$50 millions. The capacity of the industry now represents an investment in Ontario of over \$300 millions. In the last thirty years production increased more than four times, and the value of its product by nearly seven times.

The pulp and paper industry of Canada accounts for 44 cents of every dollar earned from exports to the United States. In Ontario the pulp and paper industry is the third ranking industry, being exceeded in the value of its output only by automobiles and electrical apparatus and supplies. Ontario alone produces one-seventh of the world's production of newsprint and supplies about one page in every five of American newspapers. About 18,000 workers are employed in the industry. In the over-all result, the value of production of forestry in Ontario last year was twenty-six times greater than that at the opening of this century.

Back in 1900 the nickel and copper areas at Sudbury and Copper Cliff had been discovered. At that time the chief metals mined were iron, nickel and copper. The production of iron ore in Ontario in that year was 83,000 tons as against 2 million tons last year. In volume the production of copper and nickel has increased in the last fifty years by thirty-six times. Last year's production of minerals from Ontario amounted to \$315 millions, being thirty-four times greater than that of 1900. The mining industries of Ontario give employment directly to about 33,000 persons.

One of the most striking changes in the economic life of Ontario has been the growth in manufacturing. In 1900 manufacturers in Ontario worked up materials of \$138 millions into finished products sold at \$242 millions. In 1949 the gross value of manufactured products in Ontario was over \$6 billions produced from materials costing \$3.3 billions, a twenty-five fold increase. The number of employees engaged in manufacturing has increased about three-and-a-half times in fifty years, while payrolls have increased twenty-three times.

Virtually none of the public welfare services which are so much a part of our Government program to-day was in existence in Ontario in 1900. There were no Old Age Pensions, Pensions for the Blind, Mothers' Allowances, or Workmen's Compensation; no regulations with respect to maximum hours of work or minimum rates of pay, no vacation pay scheme, and no family allowances or unemployment insurance. Less than two hundred motor vehicles were registered in the Province. An infant's chance of living beyond one year was three-and-a-half times less than it is to-day. The chance of a person escaping diphtheria was one hundred and seventy times less than it is now. The mortality rate from typhoid was two hundred and eleven times greater than now, and that from tuberculosis four and a half times. Through medical science, better hospital care, higher living standards and a better educated public, life expectancy in Ontario in the first half of this century was increased by over eighteen years—in the case of males from forty-eight to sixty-six years, and in the case of females from fifty-one to seventy years.

The Workmen's Compensation Act of Ontario was passed in 1914 and became a model for the compensation schemes adopted in all the other provinces. The Mothers' Allowances Act came into effect in Ontario in 1920. In the same year a Minimum Wages Act was passed by the Ontario Legislature. Ontario

introduced old age pensions in 1929, and in 1937 provided for the payment of pensions to blind persons forty years of age and over. Since that time payments of old age pensions have been raised to \$40 monthly. In 1900 there was virtually no provision in the Ontario Budget for social services or education. To-day this Government is spending \$114 millions for education, health and welfare, or one-half of its budget on social services.

REVIEW OF CURRENT CONDITIONS AND OPERATIONS

GENERAL CONDITIONS

Business activity in our fiscal year ending March 31, 1950 has been on a high level and we are approaching the end of it in a more promising position than had been thought possible by some last spring. Basically, there are many elements of strength. Wages are still continuing to mount in some industries. Pension schemes have been adopted. There is an immense volume of purchasing power in cash and liquid assets in the hands of the people. Most well established businesses are in a sound financial condition. The banking system is strong in liquid reserves and in a position to extend credit where justified. Interest rates are low. The volume of investment for new plant machinery and equipment, which has been one of the most dynamic forces in our prosperity, continues on a high level. It is anticipated, on the basis of forecasts of expenditure by private and public enterprises, that the volume of investment in new capital in 1950 will be slightly higher than last year when \$1.3 billion was invested in Ontario.

There is some evidence that we have passed the peak in the inflationary price rise and have entered into a period of consolidation and levelling off. A levelling off at some stage was inevitable, and we remain confident that the economic structure has the liquid resources and the elements of stability to assure steady economic growth. While some prices have declined, the whole picture gives no indication of a serious deflation. General price indexes have not moved outside a relatively narrow range.

During September the United Kingdom devalued sterling followed almost simultaneously by other countries in the Commonwealth, and a day or two later by Canada's partial devaluation in terms of United States currency. The United Kingdom's inability to continue to absorb Canada's farm products on the same scale is the main cause of the sag in prices of agricultural products. The cash income for Ontario farmers in 1949 was an estimated \$653 millions, about 1 per cent. less than in the preceding year.

FEDERAL-PROVINCIAL MATTERS

The current year has been signalized by the entry into Confederation of the people of Newfoundland and by the convening of a Dominion-Provincial Conference for the purpose of evolving a procedure to amend the Canadian Constitution in respect of matters which are of common concern to the Provincial and Federal Governments. I believe good progress was made at the Conference. The Government of Ontario took the position that there should be set up in Canada a procedure to amend the Constitution in these matters, and it looks forward to a realization of this object which will be satisfactory to all parties concerned. The course we adopted at the Conference is, we believe,

in full harmony with the wishes of the Parliament of the United Kingdom, which has for some time felt disposed to advise that the power of amending the Canadian Constitution should reside in Canada itself.

Recently, on the general subject of Dominion-Provincial relations, I had occasion to say that too many people spend too much time emphasizing the difficulties of our Constitution at the same time entirely overlooking the opportunities afforded right now under our Constitution for immediate action in many fields.

One trouble with Dominion-Provincial Relations is that the difficulties are exaggerated and the remedies are minimized. That has been the tendency. There is too much indulgence in talk about the great difficulties which are attendant upon making a division of taxing powers and responsibilities. The fact is that if Dominion-Provincial Conferences were called frequently on specific items, order would shortly evolve out of things in which there had been disorder because of a lack of co-ordination between the efforts of the Dominion and Provincial Governments. We should emphasize not the difficulties but the practical means that can be taken quickly to meet problems as they arise.

I think the Constitutional Conference held last January showed that representatives of the Provinces and the Federal Government can meet in a spirit of goodwill and arrive at sound conclusions and decisions. My opinion is that the January Conference was the forerunner of many successful meetings, provided they are held frequently and on specific subjects. After all, to sit down in this day of 1950 and completely rewrite our Constitution and to hope that we would be able to foresee all of the difficulties of the future in a new Constitution would be to attempt the impossible. The fact is that constitutional difficulties will always exist and they will be dealt with and solved by the people of various days meeting together and seeking solutions to problems as they arise. The Fathers of Confederation in their time could have no idea of the problems of 1950 nor, indeed, have we any idea of the problems of 1975 or 2000. There will be able men and women to take care of the situation at that time—we are not the last word. Our problem to-day is to take a Constitution which has done a great job for Canada and strengthen it and make it effective in places where we find it may not be working in the light of conditions of 1950. Present problems of public investment, full employment and social security can be effectively dealt with by methods that the Provinces and the Dominion can arrive at in conference. There is no need as a preliminary to change the character and nature of our Constitution. What we need is to introduce a little spirit of co-operation, goodwill, determination, and the machinery to get things done; and as far as this Government is concerned, we have already started.

HIGHWAYS

During the year over 98,000 additional vehicles were registered making a 42 per cent. increase since 1939. Total registrations are near the million mark. To increase the capacity of Ontario's highways, county and township roads and municipal streets, this Government in the current year has spent \$35 millions on capital. Shortages of cement and reinforcing steel still handicap bridge and paving work. Subsidies to counties, townships, cities, towns and villages and other municipal organizations now exceed the total expenditure on King's highways in pre-World War II years. A larger subsidy is now being paid to

the cities alone than was paid to all municipalities in 1935. Expenditure for development of roads under agreement with the municipalities was doubled in 1949. The equipment pools were augmented by new machinery units to meet the increasing demand for modern equipment.

As in previous years, heavy expenditure was required to keep the highways open and suitable for travel in winter months. Ontario leads all other provinces and the northern states in the matter of keeping the highways clear of snow. This work requires an extensive organization and heavy equipment. A comprehensive road reporting service on a 24 hour basis with extensive use of teletype is being provided to give the motoring public immediate information on driving conditions from November to April.

HYDRO DEVELOPMENT

The capital construction being undertaken by the Hydro-Electric Power Commission of Ontario for the current fiscal year ending March 31, 1950 is estimated at \$149.7 millions. This expenditure represents a portion of the Commission's over-all postwar program to meet the increasing load demands of the Ontario people. When the program is completed in 1952 a total generating capacity of approximately 1,660,000 H.P. will have been added to the power supply of Ontario. Of this amount, 318,000 H.P. has already been placed in operation and an additional 496,000 H.P. is expected to be brought into service by the end of 1950 with which possibilities of power shortage will diminish.

HOUSING

Honourable Members will recall that two years ago this Government pioneered a plan for making second mortgage loans on housing units available as a practicable means of easing the housing shortage in Ontario. That this plan has been successful in achieving its objective has been generally acknowledged.

The Province continued to receive applications for second mortgage loans up to December 31, 1949, and it is expected that by March 31, 1950, 15,164 Ontario second mortgage loans will have been approved involving a total loan value of \$16.8 millions.

I should point out that under the provisions of The Ontario Housing Development Act, 1948 this Government, in addition to the second mortgage loans, undertook to reimburse the municipalities of Ontario for one-half the cost of acquiring land and installing services up to a limit of \$300 per house. Approximately 3,000 houses in 49 different projects will qualify for grants. This plan is now being absorbed in the more comprehensive plan evolved from Federal-Ontario discussions. As the number of housing units completed in Ontario last year exceeded the net increase in families by over 6,000 units more progress was made in meeting the backlog of housing demand than in any previous year.

AGRICULTURE

Agriculture is the bedrock of our economy and a prosperous agricultural industry spells security of jobs whether in manufacturing, mines, forests, or on the farm itself.

The important job upon which the Department of Agriculture is now concentrating is to provide greater support for the marketing of farm produce. Our program is designed in co-operation with the farmer to speed the flow of his products to a ready market and to secure for him new markets. The problem is being attacked from three sides by Research, Extension and Education, in which the various institutions and branches of the Ontario Department of Agriculture play an active part.

Farm research and experimental work have been growing steadily. Nearly a half million dollars will be spent on agricultural research this year. At present there are more than three hundred individual research projects being carried on by the Department, and to ensure that new developments in research and science can be translated quickly into farm practice the Extension staff is being strengthened.

As I said in my last year's Budget Address the aim of this Government is to improve rural farm life. The program is many-sided. It includes, besides those services I have described above, the provision of clear highways, grants for education, rinks, athletic fields and community halls, and financial aid for the distribution of electric power to farm residents.

During the twelve months ended October 31, 1949 a record number of miles of rural power lines was constructed. In that period the Hydro-Electric Power Commission of Ontario constructed 4,738 miles of rural power lines and added 35,206 rural power consumers. Under this Government 11,817 miles of rural line extensions have been constructed—37 per cent. of the total mileage and 119,454 rural dwellers, representing 47 per cent. of the total, have been provided with service.

NATURAL RESOURCES

Last year I announced that both the Departments of Mines and Lands and Forests were undertaking expanded programs to aid in the utilization and conservation of the rich heritage which lies in the northern sections of our Province. Honourable Members will agree with me that the wealth of our forest and minerals is a great trust, and in planning our program we must have regard not only for the immediate requirements of our people but for the interests and needs of the generations to follow.

The task of photographing Ontario's forest resources is practically completed, and it is expected that the preparation of topographical maps will be completed in the next fiscal year. As each section of the forest inventory is finished more advanced management of our forest resources is introduced. One of the concrete signs of growing consciousness of the public in reforestation has been the sharply increased demand for nursery stock. To accommodate this increased demand production facilities of the Department's nurseries have been substantially expanded.

The Department of Mines is continuing its policy of active exploration in the Province's mineral wealth and of providing services to encourage prospecting. That the search for new deposits is far from languishing is illustrated by the fact that the total number of miners' licences to prospect taken out or renewed increased in 1949 by 1,300 over the previous year, while the number of claims recorded increased by 5,000 over the number recorded in 1948.

The total value of the Province's mineral production in 1949, as I pointed out, was \$315 millions, \$21 millions above last year and the largest in history.

Last year there was considerable exploration and development of asbestos carried on in the district of Matheson on the Ontario Northland Railway. Asbestos has not heretofore been produced commercially in Ontario, but a new mill for its production is nearing completion and it is expected to be in operation this year. Other asbestos properties are being explored and further developments in this field are expected.

HEALTH AND WELFARE

While our object has been the even development of the Province from a material standpoint, we have not overlooked the major contribution that the provincial services of education, health and welfare make to human betterment.

Our approach to the problems of health has been broadly based. We have sought to utilize the full resources of public and private voluntary agencies at both provincial and municipal levels. We have aimed not only to raise the standards of hygiene and health but to alleviate or remove many of the financial burdens arising from human impairment.

The system of making grants towards new public hospital construction introduced by this Government in 1947 is being continued. Besides these grants for construction there are grants for upkeep and maintenance. Capital grants in the present fiscal year will amount to \$2.2 millions, while maintenance grants to hospitals will total \$6.1 millions and those to sanatoria \$4.8 millions.

In addition to these activities we have had to give further consideration to the problem of water pollution. Honourable Members will recall the diverse forms in which this problem has emerged. Water pollution must be controlled to safeguard our health, our water supplies, swimming beaches, wild life and recreational facilities. During the past year we have been engaged in discussions with the appropriate Federal authorities to secure more effective control. The sudden growth of population in some municipalities has overtaxed their sanitation facilities.

I am confident that the House will not wish these services to be curtailed, and with your approval we propose to continue a progressive policy to extend the gains in health standards which are so well recorded in the figures I gave in my review of the first half of this century.

In our plan for human betterment we are not forgetting the aged or the needs of others in our population. In the current fiscal year ending March 31, 1950 the Department of Public Welfare will spend \$21.8 millions, half of it for Old Age Pensions and Pensions for the Blind, and approximately half of the remainder for Mothers' Allowances.

During the Session last year I announced that the Government would increase its bonus to old age and blind pensioners by the amount of \$2.50 per month to each pensioner eligible for the full pension, making the payment by the Province equivalent to 25 per cent. of a pension of \$40 monthly. Some time later the Federal Government declared its willingness to participate in an increased basic pension of \$40 per month. In the nine months up to December 31, 1949, the number of old age and blind pensioners rose from 80,483 to 86,293—an average monthly increase of 646.

EDUCATION

Enrolment in our provincial schools has increased by 81,000 in the last six years and it now stands at over 727,000. To provide accommodation for this increased enrolment where it is needed a large school building program has been undertaken. In the past year it reached full volume. Two hundred and eight new schools, or substantial additions to existing schools, have been completed at a gross construction cost of about \$25 millions providing new accommodation for more than 27,000 pupils. In the coming school year it is expected that 228 school buildings will be completed providing facilities for an additional 32,000 pupils. By September, 1951, Ontario will have largely overcome the shortage of functional school buildings which has been a legacy of two World Wars, and the Province will compare favourably with any similar area in Europe or North America. The technical institutes all show an increase in attendance. For instance, enrolment at the Ryerson Institute of Technology in day and night courses has doubled, rising from 1,250 to 2,400.

PUBLIC INVESTMENT

I have already outlined the capital investment which has been undertaken in the various fields of highways, hydro and hospitals. Construction of the Ontario Hospital School at Smiths Falls is being pushed forward. Facilities at the Ontario Agricultural Colleges and the experimental stations have also been increased. Radio transmitter stations, lock-ups and other buildings have been erected for the Ontario Provincial Police. A wide range of facilities has been provided in connection with the conservation of timber, wildlife and other natural resources. Buildings have been erected at our Industrial Farms, and storage dams constructed in the Muskoka area. Expenditures of the Department of Public Works, including repairs and maintenance to various buildings and facilities, will this year total \$11 millions.

The largest public investment program being carried on in Ontario is that of the Hydro-Electric Power Commission of Ontario which in this fiscal year ending March 31 will spend on new construction and equipment \$150 millions, an average of over \$12 millions a month. The direct capital investment program of the Provincial Government this year is about \$75 millions, and the approximate current monthly rate is over \$6 millions. Capital investment for highways makes up nearly one-half of this total with most of the balance being spread over public works, resource development and rural power extensions. The Ontario Northland Railway's capital expenditure was about \$900,000 and the University of Toronto's \$2.4 millions. Last year Ontario municipalities spent \$88 millions on capital investment, and their current monthly outlay on new works is now over \$7 millions. In all, total provincial-municipal capital investment in 1949 was \$300 millions. The average monthly rate, including housing projects financed by Ontario Government loans, exceeds \$31 millions.

COST OF GOVERNMENT

In last year's Budget I mentioned that the world has been passing through a period of inflation unsurpassed in magnitude since the First World War. I pointed out that this had reflected itself in cost of government. This trend has been apparent during the past year. Despite this, fifteen of the departments or

sections shown in our Estimates have been able to live within the funds voted by the Legislature last year. In eleven departments or sections there have been increases, all of which have been small, with the exception of \$1,595,200 in Education which is largely accounted for by additional assistance to universities and adjustments in grants to primary and elementary school boards. Our ordinary expenditures on Highways show an increase of \$8,732,000. This is accounted for by the fact that our highways had suffered greatly in wear and tear during the war years, and due to favourable weather conditions, combined with buoyant revenues from highways, it was felt that as much work as possible should be completed in order that our highway system might be maintained at a high state of efficiency. The other item was the devaluation of the Canadian dollar in September last which increased the cost of principal and interest payable in United States currency. I am gratified by the extent to which all Departments met the difficult adjustment period in the last year and held their expenditures in hand. I am asking all Departments to continue this policy in order to ensure that the people of the Province have the benefit of economy in administration combined with the very best value obtainable from every dollar of our expenditure.

Our revenue increases arise from the buoyant business conditions in the Province and the importance of Ontario's position in the national economy. During the year business conditions in this Province have been greatly stimulated by the developmental projects of this Government which are all tending to a more prosperous Province. Daily, with greater power resources and facilities, more industry is being directed to this Province with greater revenue. The public investment plans of the Government are all calculated to increase revenue and to better business conditions in the Province.

With the permission of the House I now table the Interim Statement of Ordinary Revenue for the Fiscal Year, April 1, 1949 to March 31, 1950, consisting of ten months' actual receipts and two months' forecast. Our estimated net receipts of ordinary revenue amount to \$224,033,800.

INTERIM STATEMENT OF ORDINARY REVENUE

FISCAL YEAR APRIL 1, 1949—MARCH 31, 1950

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

DEPARTMENT	Gross Ordinary Revenue	Application of Revenue to Expenditure	Net Ordinary Revenue
AGRICULTURE.....	\$ 885,000.00	\$	\$ 885,000.00
ATTORNEY-GENERAL.....	1,744,000.00	321,700.00	1,422,300.00
EDUCATION.....	1,695,000.00	196,500.00	1,498,500.00
HEALTH.....	2,600,000.00	15,200.00	2,584,800.00
HIGHWAYS:			
Main Office and Branch.....	10,000.00	.....	10,000.00
Gasoline Tax Branch.....	57,600,000.00	.....	57,600,000.00
Miscellaneous Permits Branch.....	140,000.00	.....	140,000.00
Motor Vehicles Branch.....	16,200,000.00	.....	16,200,000.00
	<u>\$ 73,950,000.00</u>	<u>.....</u>	<u>\$ 73,950,000.00</u>
INSURANCE.....	\$ 298,000.00	.....	\$ 298,000.00
LABOUR.....	224,000.00	10,900.00	213,100.00
LANDS AND FORESTS.....	10,800,000.00	.....	10,800,000.00
MINES.....	3,026,000.00	8,600.00	3,017,400.00
MUNICIPAL AFFAIRS.....	316,000.00	.....	316,000.00
PROVINCIAL SECRETARY.....	723,000.00	.....	723,000.00
PROVINCIAL TREASURER:			
Main Office—Subsidy.....	3,155,000.00	.....	3,155,000.00
Interest.....	71,000.00	.....	71,000.00
Liquor Authority Transfer Fees.....	655,000.00	.....	655,000.00
Liquor Control Board.....	37,500,000.00	.....	37,500,000.00
Controller of Revenue Branch:			
Succession Duty.....	14,500,000.00	.....	14,500,000.00
Corporations Tax.....	65,000,000.00	.....	65,000,000.00
Race Tracks.....	3,670,000.00	.....	3,670,000.00
Security Transfer Tax.....	910,000.00	.....	910,000.00
Land Transfer Tax.....	1,350,000.00	.....	1,350,000.00
Law Stamps.....	650,000.00	.....	650,000.00
Miscellaneous.....	33,000.00	.....	33,000.00
Motion Picture Censorship and Theatre Inspection Branch.....	264,000.00	.....	264,000.00
Province of Ontario Savings Office.....	490,000.00	490,000.00	.....
	<u>\$128,248,000.00</u>	<u>\$ 490,000.00</u>	<u>\$127,758,000.00</u>
PUBLIC WORKS.....	46,000.00	3,000.00	43,000.00
REFORM INSTITUTIONS.....	2,311,000.00	1,786,300.00	524,700.00
	<u>\$226,866,000.00</u>	<u>\$2,832,200.00</u>	<u>\$224,033,800.00</u>
PUBLIC DEBT—Interest, Exchange, etc.....	5,727,000.00	5,727,000.00	.....
	<u>\$232,593,000.00</u>	<u>\$8,559,200.00</u>	<u>\$224,033,800.00</u>

I also table the Interim Statement of Ordinary Expenditure for the same fiscal period. Our Net Ordinary Expenditure, including public debt interest, will amount to \$202,403,800. In addition we are providing \$20,626,000 for sinking funds, which makes an over-all expenditure of \$223,029,800.

INTERIM STATEMENT OF ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1949—MARCH 31, 1950

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

DEPARTMENT	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Net Ordinary Expenditure
AGRICULTURE.....	\$ 7,411,000.00	\$	\$ 7,411,000.00
ATTORNEY-GENERAL.....	10,083,000.00	321,700.00	9,761,300.00
EDUCATION.....	51,390,000.00	196,500.00	51,193,500.00
HEALTH.....	24,382,000.00	15,200.00	24,366,800.00
HIGHWAYS.....	42,232,000.00	.....	42,232,000.00
INSURANCE.....	107,000.00	.....	107,000.00
LABOUR.....	987,000.00	10,900.00	976,100.00
LANDS AND FORESTS.....	9,916,000.00	.....	9,916,000.00
LIEUTENANT-GOVERNOR.....	12,000.00	.....	12,000.00
MINES.....	796,000.00	8,600.00	787,400.00
MUNICIPAL AFFAIRS.....	1,348,000.00	.....	1,348,000.00
PLANNING AND DEVELOPMENT.....	1,932,000.00	.....	1,932,000.00
PRIME MINISTER.....	77,000.00	.....	77,000.00
PROVINCIAL AUDITOR.....	201,000.00	.....	201,000.00
PROVINCIAL SECRETARY.....	880,000.00	.....	880,000.00
PROVINCIAL TREASURER.....	3,057,000.00	490,000.00	2,567,000.00
PUBLIC WELFARE.....	21,757,000.00	.....	21,757,000.00
PUBLIC WORKS.....	3,183,000.00	3,000.00	3,180,000.00
REFORM INSTITUTIONS.....	6,475,000.00	1,786,300.00	4,688,700.00
TRAVEL AND PUBLICITY.....	579,000.00	.....	579,000.00
STATIONERY ACCOUNT.....	20,000.00	.....	20,000.00
	<hr/>	<hr/>	<hr/>
	\$186,825,000.00	\$2,832,200.00	\$183,992,800.00
PUBLIC DEBT—Interest, Exchange, etc.....	24,138,000.00	5,727,000.00	18,411,000.00
Sinking Fund Instalments and Railway Aid Certificates	20,626,000.00	.....	20,626,000.00
	<hr/>	<hr/>	<hr/>
	\$231,589,000.00	\$8,559,200.00	\$223,029,800.00

I also table a Summary of Ordinary Revenue and Ordinary Expenditure for the Fiscal Year April 1, 1949 to March 31, 1950. This Summary shows an Interim Surplus of \$1,004,000. This surplus will also be devoted entirely to the reduction of the Net Debt of the Province.

SUMMARY

ORDINARY REVENUE AND ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1949—MARCH 31, 1950

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

Net Ordinary Revenue.....	\$224,033,800.00
Less: Net Ordinary Expenditure (before providing for Sinking Funds and Maturing Railway Aid Certificates).....	202,403,800.00
	<hr/>
Surplus (before providing for Sinking Funds and Maturing Railway Aid Cer- tificates).....	\$ 21,630,000.00
Less: Provision for Sinking Funds and Maturing Railway Aid Certificates.	20,626,000.00
	<hr/>
Interim Surplus.....	\$ 1,004,000.00

I have made comparisons in this speech with conditions which existed in the first fifty years of this century, and I am able to tell the House that never in that fifty years have we had seven consecutive surpluses such as it has been my great privilege to announce. I feel that the people of this Province can rest assured that the management of their affairs in this period has been on the soundest possible lines, particularly in days which have been full of difficulty.

I also table an Interim Statement of Capital Receipts, and a Statement of Capital Payments for the Fiscal Year April 1, 1949 to March 31, 1950.

INTERIM STATEMENT OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1949—MARCH 31, 1950

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

DEPARTMENT	Gross Capital Receipts	Application of Receipts to Payments	Net Capital Receipts
HIGHWAYS.....	\$ 695,000.00	\$	\$ 695,000.00
LABOUR.....	5,600,000.00	.....	5,600,000.00
LANDS AND FORESTS.....	628,000.00	.....	628,000.00
MINES.....	30,000.00	.....	30,000.00
PROVINCIAL SECRETARY.....	3,758,000.00	.....	3,758,000.00
PROVINCIAL TREASURER.....	41,270,000.00	.....	41,270,000.00
PUBLIC WELFARE.....	28,980,000.00	28,980,000.00	.....
PUBLIC WORKS.....	40,000.00	.....	40,000.00
	<u>\$81,001,000.00</u>	<u>\$28,980,000.00</u>	<u>\$52,021,000.00</u>

INTERIM STATEMENT OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1949—MARCH 31, 1950

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

DEPARTMENT	Gross Capital Payments	Application of Receipts to Payments	Net Capital Payments
AGRICULTURE.....	\$11,050,000.00	\$	\$11,050,000.00
HEALTH.....	13,100,000.00	.....	13,100,000.00
HIGHWAYS.....	35,316,000.00	.....	35,316,000.00
LABOUR.....	5,435,000.00	.....	5,435,000.00
LANDS AND FORESTS.....	4,630,000.00	.....	4,630,000.00
PROVINCIAL SECRETARY.....	1,350,000.00	.....	1,350,000.00
PROVINCIAL TREASURER.....	1,141,000.00	.....	1,141,000.00
PUBLIC WELFARE.....	28,980,000.00	28,980,000.00	.....
PUBLIC WORKS.....	7,630,000.00	.....	7,630,000.00
MISCELLANEOUS.....	150,000.00	.....	150,000.00
	<u>\$108,782,000.00</u>	<u>\$28,980,000.00</u>	<u>\$79,802,000.00</u>

PROVINCIAL DEBT

I have in my Budget Addresses always emphasized the importance of our credit position, that is, the ability of the Province and its subsidiaries to borrow money readily at the lowest possible rates of interest. The great developmental projects of the last few years have required very large sums of money, in fact unprecedented in any provincial financing. The credit of the Province and its subsidiaries is in excellent condition with the result that we have been able to obtain excellent accommodation from the investing public from whom we obtain the funds for the development of our Province. This year the public investments of this Government, not including the projects of the Hydro-Electric Power Commission, the Ontario Northland Railway, the Housing Commission and other subsidiaries which are self-liquidating, but including our capital advances for Highways, Public Works and Rural Power Extensions, amount to \$57,826,000. We have increased our Sinking Fund provisions from \$5,626,000 to \$20,626,000, and we are applying our surplus to further debt reduction, which means that we are actually paying on capital account from current revenues the huge sum of \$21,630,000. This demonstrates very clearly the excellent financial position of the Province. In fact, of every dollar of capital expenditures we have paid over one-third from our Ordinary Revenue. Such a policy assures the financial stability of the Province and clearly demonstrates to the public, who is loaning the money, the capacity of Ontario to meet its obligations.

I now table the 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, 1950

Estimated Gross Debt as at March 31, 1950.....	\$698,124,174.77
Gross Debt as at March 31, 1949.....	628,662,860.20
Estimated Increase for the fiscal year to end on March 31, 1950.....	<u>\$ 69,461,314.57</u>
GROSS DEBT INCREASED BY:	
Capital Disbursements—	
Disbursements on Highways, Public Buildings, Works, etc.....	\$57,826,000.00
Less—Capital Receipts.....	740,000.00
	<u>\$57,086,000.00</u>
Discount on Debentures, issued during year.....	1,212,500.00
Increase in Income Liabilities.....	778,000.00
Increase in Loans Receivable—	
Tile Drainage.....	\$ 70,000.00
Co-operative Marketing Loans.....	176,300.00
Guaranteed Debentures Redeemed.....	8,800.00
	<u>255,100.00</u>
Housing Corporation Limited—Investments.....	11,740,000.00
Increase in Cash on Hand and in Banks.....	24,543,500.00
	<u>\$ 95,615,100.00</u>
GROSS DEBT DECREASED BY:	
Provision charged to Ordinary Expenditure—	
Retirement of Railway Aid Certificates.....	\$ 3,785.43
Sinking Fund Instalments.....	20,622,000.00
Estimated Surplus on Ordinary Account.....	1,004,000.00
	<u>\$21,629,785.43</u>
Discount on Debentures, written-off.....	516,000.00
Net Repayments on Loans Receivable—	
Hydro-Electric Power Commission of Ontario.....	\$1,659,000.00
Agricultural Finance Act Investments.....	2,155,000.00
Miscellaneous.....	188,400.00
	<u>4,002,400.00</u>
Increase in Reserves.....	5,600.00
	<u>26,153,785.43</u>
Estimated Increase for the fiscal year to end on March 31, 1950.....	<u>\$ 69,461,314.57</u>

PROVINCE OF ONTARIO

ESTIMATED INCREASE IN THE NET DEBT

As at March 31, 1950

Estimated as at March 31, 1950:	
Estimated Gross Debt.....	\$698,124,174.77
Less—Estimated Revenue Producing and Realizable Assets.....	177,380,105.14
Estimated Net Debt.....	<u>\$520,744,069.63</u>
As at March 31, 1949:	
Gross Debt.....	\$628,662,860.20
Less—Revenue Producing and Realizable Assets.....	144,987,705.14
Net Debt.....	<u>\$483,675,155.06</u>
Estimated Increase in Net Debt.....	<u>\$ 37,068,914.57</u>

THE FUNDED DEBT OF ONTARIO

DETAILED SUMMARY OF ESTIMATED CHANGES

For the Fiscal Year to end March 31, 1950

As at March 31, 1949 (after deducting Sinking Funds)	\$534,819,635.23
ADD—Sale of Debentures:	
“DR” 2½% due November 1, 1954.....	\$15,000,000.00
“BR” 3% due November 1, 1965.....	45,000,000.00
“BS” 3% due December 15, 1970.....	40,000,000.00
“TI” 4½% due November 1, 1952.....	4,000,000.00
	<u>104,000,000.00</u>
	\$638,819,635.23
LESS—Redemptions:	
“AL” 4% due May 15, 1949.....	\$ 715,000.00
“AP” 4½% due May 15, 1949.....	658,000.00
“AS” 4% due June 1, 1949.....	615,000.00
“BM” 1¼% due July 15, 1949.....	500,000.00
“RZ” 2½% due August 1, 1949.....	1,000,000.00
“AK” 4½% due November 1, 1949.....	800,000.00
“RS” 3% due November 1, 1949.....	1,050,000.00
“BH” 3¼% due November 15, 1949.....	12,000,000.00
“BL” 3½% due December 1, 1949.....	9,000,000.00
“AH” 4½% due December 1, 1949.....	696,000.00
“RAD” 1¾% due December 15, 1949.....	2,000,000.00
“AJ” 4½% due January 15, 1950.....	800,000.00
“AR” 4½% due January 15, 1950.....	509,000.00
“BN” 1¼% due January 15, 1950.....	1,500,000.00
“RB” 3% due January 15, 1950.....	1,000,000.00
	<u>\$32,843,000.00</u>
Railway Aid Certificates.....	3,785.43
Increase in Sinking Fund Investments—Current Year	20,622,000.00
	<u>53,468,785.43</u>
Estimated as at March 31, 1950 (after deducting Sinking Funds).....	<u><u>\$585,350,849.80</u></u>

SUMMARY

New Issues.....	\$104,000,000.00
Less—Redemptions and Increase in Sinking Fund.....	53,468,785.43
Net Increase in Funded Debt.....	<u><u>\$ 50,531,214.57</u></u>

PROVINCE OF ONTARIO

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

Estimated as at March 31, 1950

Total as per Public Accounts, March 31, 1949.....		\$259,226,684.66
ADD—New Guarantees or Increases for the Fiscal Year to end on March 31, 1950—		
Co-operative Marketing Loans.....	\$	27,000.00
Power Commission.....		145,000,000.00
Railways.....		5,000,000.00
Universities.....		7,500,000.00
		<u>157,527,000.00</u>
		\$416,753,684.66
LESS—Principal Maturities redeemed or to be redeemed during the Fiscal Year to end on March 31, 1950—		
Municipalities.....	\$	4,570.04
Park Commissions.....		200,600.00
Power Commission.....		15,000,000.00
Railways.....		165,000.00
Schools.....		106,332.95
Universities.....		66,962.63
Ontario Stock Yards Board.....		50,000.00
		<u>15,593,465.62</u>
		\$401,160,219.04
LESS—Sinking Fund Deposits for the Fiscal Year to end on March 31, 1950..		842.28
Estimated Contingent Liability of the Province as at March 31, 1950.....		<u><u>\$401,159,376.76</u></u>

SUMMARY

Estimated Contingent Liability of the Province as at March 31, 1950.....	\$401,159,376.76
Contingent Liability of the Province as at March 31, 1949...	259,226,684.66
Estimated Increase.....	<u><u>\$141,932,692.10</u></u>

WAYS AND MEANS

In embarking upon our program for the Fiscal Year 1950-51 our chief concern as a Government is the necessity for consolidating gains already made during the last seven years. We aim to improve our position by dealing with every problem in accordance with sound principles of Government. This calls for continued progress along orderly and economical lines.

It has been the policy of this Government to preserve our fiscal autonomy, to keep our independence and thus to prove a help rather than a hindrance to the Federal Government. To appreciate some of the results of this policy consideration should be given to the accomplishments made by this administration during a seven-year period of operations. Most impressive has been the manner in which this Government has met the heavy demands upon the Treasury for expenditures both Ordinary and Capital, and, at the same time, has maintained Ontario's favourable debt position. On March 31, 1943, the Net Debt of the Province amounted to \$495,441,000. At March 31, 1950, it is estimated that the Net Debt of the Province will amount to \$520,744,000. This latter is an estimated figure. Judging from the Government's previous record it is quite possible that the Net Debt of the Province will not approach the amount of \$520,744,000 when the final figures for this fiscal year are determined. At any rate, with a \$25 millions increase in the Net Debt over the seven years' period, it is most gratifying for me to be able to report to the House that during the period from March 31, 1943 to March 31, 1950 there has been added to the Capital Assets of the Province the following:

Improvements to Highways.....	\$117,514,862 86
Provincial Lands and Buildings.....	18,790,984.97
Rural Power Transmission Lines.....	28,243,568.00
Sundry.....	3,600,840.39
TOTAL.....	\$168,150,256.22

During the same period expenditures on what might properly be called "Human Resources of the Province" exceed a total of \$513 millions made up as follows:

Agriculture.....	\$ 48,592,598.80
Education.....	241,084,424.58
Health.....	120,334,540.42
Public Welfare.....	103,873,572.58
TOTAL.....	\$513,885,136.38

In order that this most impressive result of our management of the Public Debt of the Province may be fully appreciated, may I point out that whereas the Net Debt of the Province at March 31, 1943, amounting as it did to \$495,441,000, represented a per capita Net Debt of \$127.56, our Net Debt position expressed in terms of to-day's population denotes a per capita Net Debt of \$115.72, or a reduction in the per capita Net Debt of the Province of \$11.84. With an increase in the physical assets amounting to \$168,150,256, the result means an enrichment because of our Public Investment Policy in an amount per capita of \$37.36.

PUBLIC INVESTMENT

As I have stated, the public investment program for the fiscal year 1949-50 is the largest in the history of the Province. Much of this investment in capital assets is self-liquidating and of that which is not self-liquidating and is payable from taxes, approximately one-third has been paid from current revenue. The program for the coming year 1950-1951 will be larger than last year. This program, however, is also largely self-liquidating, and where it is not we confidently expect it will increase the revenues of the Province, particularly highway revenues.

One of the projects which will be started is a head office for the Workmen's Compensation Board. This building will not be a direct charge on the revenues of the Province; it will be self-liquidating. This also applies to the Osgoode Hall annex, which will be paid for by the Boards occupying the building. A start will be made on the Treasury Building to be erected at Queen's Park Crescent and Grosvenor Street, and work will be continued on the big East River and its tributaries in the Muskoka area. These control dams will permit the storage of water and will prevent flooding. Work on the new control outlet tunnel from Lake Nipissing will further reduce property damage in the vicinity of North Bay. To provide for these increased activities the Estimates of the Department of Public Works on Ordinary Account are being increased to \$3.5 millions, while expenditures on Capital Account are estimated at \$15 millions.

Our highway program has already been referred to in this House. The Province is embarking on a larger expenditure for highways which will bring to the Treasury expanded revenue. This year Capital Expenditures for highways are estimated at \$46.7 millions. These estimates do not include expenditures which it is expected will be made on Trans-Canada highways upon which we receive credits from the Federal Government for works which are already completed on roads incorporated in this system. Our Capital Expenditures will, therefore, be increased by the amounts which it is anticipated we will receive by way of credits, calculated on the basis of an arbitrated fifty per cent. in value for the roads we have already constructed.

Capital expenditures of the Ontario Hydro-Electric Power Commission will slightly exceed those of the current fiscal year of approximately \$150 millions. The Ontario Northland Railway is plowing back its earnings into capital equipment to maintain and better the efficiency of that system. It is anticipated that the combined capital expenditures of the Province, its subsidiaries and the municipalities, will be on a greater scale in the coming year than in the past, all of which will contribute very greatly to business and employment conditions in the Province.

HOUSING

The sum of \$1,140,000 is being placed in the Estimates to meet our Ordinary Expenditures in our over-all housing program which will be carried out in co-operation with the Federal authorities. Costs will be shared 75 per cent. by the Federal Government and 25 per cent. by the Provincial Government. The extent of Capital Expenditures under this project will be dependent upon arrangements made this year between the Federal Government and the Province of Ontario. The grant next year in aid of the Regent Park Housing Project of the Toronto Housing authority is estimated at \$208,000.

FEDERAL—PROVINCIAL RELATIONS

In Ontario we have comparatively little multiple taxation. In fact, we have only a very small proportion of the multiple taxation which exists in the country to the south, and particularly in the states which lie adjacent to Ontario. For instance, in most of these states there are separate income tax imposts for municipal, state and the federal governments. In Ontario this has been largely eliminated. There, of course, is a joint occupancy of the corporation tax and succession duty fields and, while the Province has a taxing statute in the income tax field, the same has been suspended from year to year. In the last half dozen years, in succession duties, by arrangements which we started with our sister Province of Quebec, there has been an almost complete elimination of multiple taxation with other provinces and states. As between the Federal and Provincial Governments we are very anxious to arrive at measures which will completely remove inconvenience to taxpayers by obviating duplication of forms. For instance, there is no reason why either one of the jurisdictions should not make assessments which would be accepted by the other. In the three very important fields of Corporation Tax, Income Tax and Succession Duties, it is apparent that there must be a sharing of the fields between the Federal and Provincial Governments. Arrangements for sharing of the fields can be so simplified that each jurisdiction will have its direct interest in the same, but with arrangements so simplified that as far as the taxpayer is concerned there will be no multiplicity. I do not believe this is a complicated matter. Again, I repeat that difficulties in Federal-Provincial Relations are often exaggerated and the remedies minimized. The task is made to appear much harder than it is. I am quite satisfied that by frank talks both at government and administrative levels any difficulties which existed in the past could be obviated.

In 1947, at the time of the termination of the Dominion-Provincial Tax Suspension Agreements the Province, in order to permit the Federal Government to reduce taxation, did not re-enter the personal income tax field. In the years 1947-1948-1949 there were fairly substantial reductions in Federal income taxation. The Province did not, however, re-impose an income tax, although the Federal Government had offered and had subsequently passed an Act, set out in section 32 of The Income Tax Act (Canada), chapter 52, 1948, passed June 24, 1948, providing that if the Province imposed a tax not exceeding 5 per cent. of the Federal tax the same would be deductible by the taxpayer from the tax which would otherwise be payable by him to the Federal Treasury. In fact, therefore, the Federal legislation provided that the Ontario taxpayer could pay to the Province 5 per cent. of his Federal income tax and that the same would be deductible from the amount which he would pay to the Federal Treasury.

In this House on several occasions Members, particularly in the Opposition, have raised the point that by reason of Ontario's refraining from imposing this tax the Federal Government was actually collecting the full 100 per cent. tax from the taxpayer and was not giving to the Province of Ontario the 5 per cent. credit to which it was not only morally entitled but to which it was entitled under statute. As was stated in the Budget presentations of 1947, 1948 and 1949, this was done intentionally to assist and encourage the Federal Government in making tax reductions to our people. In 1950 the situation is altered and the Provincial Government is faced with very large work projects which come from the postponement of public works during the war and adjustment years. It is now desirable to do these works both because of such need and also because of

the necessity of providing employment for our people. Therefore, it has been felt because of the Dominion-Provincial Conference which will take place this autumn that the Provincial Government should be in a position to claim these moneys, which are actually due to the Province, providing the Province can show that by appropriate taxing statutes the tax could be imposed by the Province.

In 1936 the Province imposed an income tax which was suspended by the Tax Suspension Agreements of 1942. Since the expiration of these agreements in 1947 this Act has been suspended each year by a tax suspension statute, but the old statute of 1936 has not been altered. It is now intended to repeal the 1936 statute and pass a new Act which would enable the Province to impose a tax not exceeding 5 per cent. of the Federal tax and which, in case of imposition, would be deducted from the Federal tax thereby not raising the level of taxation of any Ontario taxpayer. This statute will come into effect on proclamation and will be accompanied by a complementary statute which will permit the Province to enter into an arrangement with the Federal Government whereby the Federal Government would pay over to the Province 5 per cent. of the tax collected from the Ontario taxpayers without the Ontario taxpayer filing any income tax or other return with the Ontario Government. The effect of this statute would be to rent the personal income tax field to the Federal Government on the payment to Ontario of an amount equal to 5 per cent. of the taxes paid by Ontario taxpayers to the Federal authorities.

It is considered desirable, in view of the approaching Dominion-Provincial Conference, that the Government of Ontario should have a taxing statute designed to meet present conditions, and particularly the section of chapter 52 of the Federal Income Tax Act, and that this Government should have authority by statute to make an arrangement with the Federal Government for the collection and payment to the Province of Ontario of 5 per cent. of the Federal tax above referred to. Bills to this effect will be submitted to the House for consideration. The Government, however, takes this position that it desires in every way possible to avoid the imposition of multiple taxation, and that the statute would only be proclaimed on an agreement being arrived at with the Federal Government for the collection and payment to the Province of 5 per cent. of personal income tax paid by Ontario taxpayers without the submission of separate forms to the Province and the remission of 5 per cent. of the tax to the Province. The Government would not otherwise impose this tax without re-submitting the matter to the Legislature. The Government therefore hopes that we may be able to make arrangements with the Federal Government by which it will pay quarterly, or at such other convenient time, to the Treasurer of Ontario 5 per cent. of the amount paid to the Federal Government by Ontario taxpayers without the necessity of the taxpayer filing any forms with the Provincial Government or making any remittances to the Provincial Government, and without raising the level of taxation which he now or in the future would make to the Federal Government. It is estimated that under present rates of taxation the Federal Government is presently collecting between \$13 millions and \$16 millions annually of personal income taxes which, under the above arrangement, would properly be payable to the Province of Ontario. In the event of such agreement being reached, the intention of the Government is, for this year, to apply the sum payable by the Federal Government to the Sinking Fund provisions for debt retirement set out in this Budget. As has been reiterated on many occasions, the Government considers its credit position of the utmost importance to the people of this Province, and, therefore, with a heavy

public program such as has been outlined it is felt that everything that can be applied to debt reduction should be done. The intention is, therefore, to apply these moneys to the Sinking Fund provisions, which will keep the Province's credit position strong.

Another important matter arising under Federal-Provincial Tax Relations is that relating to the tax on logging operations. The principle of this matter was met in Mining Tax in 1947 but due to certain complications the matter of logging was not dealt with at that time. Conferences are now being held between the Federal and Provincial authorities to permit the operation of arrangements which were proposed by the Federal Government in 1945-46.

At that time the Federal Government accepted the principle that the Province should have priority in the field of revenue from natural resources. In its submission to the Dominion-Provincial Conference in 1945 the Federal Government stated that, "Mining royalties, Crown dues and other similar provincial charges, are closely bound up with each Provincial Government's management of and expenditure on its forests and mineral resources. These charges are recognized costs of operations and as such can be deducted from taxable income for Dominion tax purposes." The Federal Government recognized that provincial taxes on profits from mining and logging operations are in the same category and should be treated for the purpose of Federal taxation as a deduction. This proposal was set out in the Federal Budget Address of June, 1946, and has been translated into the Dominion Statutes as section 11 of The Income Tax Act above referred to. As stated, in 1947 the Province took advantage of the proposal in relation to Mining Tax, but because of the difficulty in determining logging profits the other matter was allowed to stand for the time being. Discussions are now being held with the Federal authorities in order to establish methods and accounting procedures by which the Province may levy taxes on logging operations as it is now doing on mining without affecting the net position of logging operators. We are hopeful that progress will be made in these discussions and that legislation introducing a provincial tax on logging profits, which will be deducted from profits otherwise taxable under the Dominion Statutes, will be introduced before the termination of this Session. It is expected this logging tax will increase Ontario's revenues by approximately \$1 million per annum without raising the level of taxation presently being imposed.

The two above matters will assist in rationalizing Federal-Provincial relationships and will give to the Province the moneys to which it is justly entitled without raising—in fact, somewhat lowering—the tax presently paid by Ontario taxpayers. It is also intended to apply any revenues from this source to Sinking Fund provisions.

It should be emphasized that both of the provisions in relation to personal income tax and logging tax are already statutory enactments of the Federal Government. The steps which are now being taken are such as to enable the Province to take advantage of provisions which are already statutory and which are available to the Province.

TAX ON RACING

The present situation in the Province in relation to racing is unsatisfactory. For some years past the Province has left the regulation of horse racing to the business itself. The permission to conduct betting on the tracks is not a provincial matter. Authority is given under the Criminal Code of Canada and, therefore, betting is wholly within the control of the Federal Government. The Province's jurisdiction is limited to the regulation of race tracks but there is no jurisdiction in relation to betting. At the present time, pari-mutuels are permitted in thoroughbred racing but due to an amendment bookmaking is permitted in harness racing. The Province is presently collecting a 10 per cent. tax on the pari-mutuel betting but is collecting no tax from the bookmaking type of betting which applies to harness racing. It is therefore proposed,—

1. To establish a Racing Commission which will regulate the tracks and the conduct of persons on the same. A bill relating to this Commission will be introduced shortly and the same will give the Commission, which will be appointed by the Government, wide powers of controlling tracks and the conduct of persons thereon.
2. Every effort will be made within the powers and jurisdiction of the Provincial Government to provide for pari-mutuel machines on these tracks rather than the present bookmaking practices which are existing in certain tracks. It is recognized, of course, that this matter is purely Federal and, therefore, advances will be made to the Federal Government to amend the Criminal Code providing for the use of pari-mutuels only, on harness racing tracks.
3. It is intended to impose a tax for the coming year, effective for the 1950 season, of $12\frac{1}{2}$ per cent. of wagers made under the pari-mutuel system.

THE HOSPITALS TAX

The Hospitals Tax Act came into force in April, 1948. The Act provided for the collection of a 20 per cent. tax calculated on the price of admission to a place of amusement. Under the Act the taxes paid, less the cost of collection thereof, were payable into a fund established under The Hospitals Aid Act of 1948 and called "The Hospitals Aid Fund."

Experience of almost two years has demonstrated that instead of making payments to The Hospitals Aid Fund the whole sums collected should be paid into the Consolidated Revenue Fund of the Province. It is believed to be more desirable that in future, assistance to hospitals should be budgeted for in the ordinary course and voted to hospitals in the Estimates, which are submitted to the Legislature. It is, therefore, intended to repeal the provisions relating to The Hospitals Aid Fund, and this year the estimates of Receipts are to be placed in the Estimates as Ordinary Revenue and the estimated Disbursements to hospitals will appear in the Estimates of the Department of Health.

Due to rising costs and the impact of inflationary forces which followed the war, our hospitals have been faced with difficulties; this, in spite of the fact that in the Act of 1948 the Province made provision for grants for public-ward beds which involve advances of approximately \$6 millions annually to the hospitals of the Province.

In order this year to further assist the hospitals a special grant is being made to each public general hospital and sanatorium of 25 per cent. of the amount of the maintenance grant paid to such hospital in the year 1949. This special grant, which will approximate \$3 millions, will be in addition to the normal grants payable to such hospitals in the year 1950, and payment of this special grant will be made before April 30th next.

Other amendments to The Hospitals Tax Act will provide for the exemption from tax of purchasers of admission to places of amusement where the price of admission is 15 cents or less. The purpose of this amendment is to exempt from tax the children of the Province who, in the main, are paying a fee of 15 cents or less for admission to places of amusement. The remaining amendments to the Act will have the effect of lowering the rate of tax to be imposed on purchasers of admission to places of amusement where the price exceeds 15 cents. The rates of tax will be lowered to approximately 15 per cent.

The rates of tax to be applied, following the effective date of the amendment, will be as follows:

<i>Price of Admission</i>	<i>Rate of Tax</i>
Up to 15c.....	Exempt
Over 15c. and up to 18c.....	2c.
Over 18c. and up to 23c.....	3c.
Over 23c. and up to 31c.....	4c.
Over 31c. and up to 36c.....	5c.
Over 36c. and up to 44c.....	6c.
Over 44c. and up to 50c.....	7c.
Over 50c. and up to 57c.....	8c.
Over 57c. and up to 64c.....	9c.
Over 64c. and up to 70c.....	10c.
Over 70c. and up to 77c.....	11c.
Over 77c. and up to 83c.....	12c.
Over 83c. and up to 90c.....	13c.
Over 90c. and up to 96c.....	14c.
Over 96c. and up to 99c.....	15c.
Over 99c.....	15% of the price of admission

These reductions in Hospitals Tax are designed to benefit all those attending theatres, games and places of amusement. The reductions are given on the distinct understanding that the benefit must be passed on in total to the public. Already we have letters from the majority of the theatre operators in the Province undertaking to pass this tax reduction in total to the people, and it is emphasized that the reduction in tax is made with that as a positive condition.

Under the Act as amended, it is intended to exempt all amateur sports. In sports which are professional or semi-professional, that is, where the players are paid, the tax will in future be applicable. Members of the House will appreciate the great difficulty in defining "amateur sport", but the interpretation will be worked out between officials of the Treasury Department and of the Athletic Commission. It is hoped that a fair and workable formula will be found. Let me assure the House that the interpretation will be broad, even

generous, but it will be uniformly applied and will be designed to meet the situation in a manner which will be fair to all concerned. It is the intention of the Government that all amusements operated for private profit or gain will be taxable under The Hospitals Tax Act.

CORPORATIONS TAX

Amendments will be introduced into The Corporations Tax Act, 1939, to keep the provisions thereof in closer agreement with those of The Income Tax Act (Canada).

A further amendment will be introduced in relation to logging tax to give effect to the arrangements which are presently being discussed with the Federal Government.

LAND TRANSFER TAX

The Land Transfer Tax Act will be amended to cover certain administrative changes to facilitate the collection of these taxes.

BUDGET FORECAST FOR FISCAL YEAR 1950-51

With your permission I now place on the records of the House the budget forecast of Ordinary Revenue, Ordinary Expenditure, Summary, Capital Receipts and Capital Payments for the fiscal year April 1st, 1950 to March 31st, 1951, and I forecast a surplus of \$166,030.

BUDGET FORECAST OF ORDINARY REVENUE

FISCAL YEAR APRIL 1, 1950—MARCH 31, 1951

DEPARTMENT	Gross Ordinary Revenue	Application of Revenue to Expenditure	Net Ordinary Revenue
AGRICULTURE.....	\$ 797,000.00	\$	\$ 797,000.00
ATTORNEY-GENERAL.....	1,782,530.00	473,150.00	1,309,380.00
EDUCATION.....	1,539,000.00	114,000.00	1,425,000.00
HEALTH.....	2,915,350.00	514,200.00	2,401,150.00
HIGHWAYS:			
Main Office and Branch.....	30,000.00	.....	30,000.00
Gasoline Tax Branch.....	60,325,000.00	.....	60,325,000.00
Motor Vehicles Branch.....	17,075,000.00	.....	17,075,000.00
	<u>\$ 77,430,000.00</u>		<u>\$ 77,430,000.00</u>
INSURANCE.....	\$ 269,000.00		\$ 269,000.00
LABOUR.....	202,000.00	9,000.00	193,000.00
LANDS AND FORESTS.....	9,552,000.00	.....	9,552,000.00
MINES.....	3,480,000.00	8,500.00	3,471,500.00
MUNICIPAL AFFAIRS.....	306,600.00	.....	306,600.00
PROVINCIAL SECRETARY.....	606,300.00	.....	606,300.00
PROVINCIAL TREASURER:			
Main Office—Subsidy.....	3,155,000.00	.....	3,155,000.00
Interest.....	71,000.00	.....	71,000.00
Liquor Authority Transfer Fees.....	650,000.00	.....	650,000.00
Liquor Control Board.....	37,000,000.00	.....	37,000,000.00
Controller of Revenue:			
Hospitals Tax.....	5,000,000.00	.....	5,000,000.00
Succession Duty.....	14,000,000.00	.....	14,000,000.00
Corporations Tax.....	65,000,000.00	.....	65,000,000.00
Race Tracks.....	3,000,000.00	.....	3,000,000.00
Security Transfer Tax.....	800,000.00	.....	800,000.00
Land Transfer Tax.....	1,000,000.00	.....	1,000,000.00
Law Stamps.....	600,000.00	.....	600,000.00
Motion Picture Censorship and Theatre Inspection Branch.....	230,000.00	.....	230,000.00
Province of Ontario Savings Office.....	515,000.00	515,000.00	.....
	<u>\$131,021,000.00</u>	<u>\$ 515,000.00</u>	<u>\$130,506,000.00</u>
PUBLIC WORKS.....	\$ 41,000.00	\$ 3,000.00	\$ 38,000.00
REFORM INSTITUTIONS.....	2,432,000.00	1,871,300.00	560,700.00
MISCELLANEOUS.....	100,000.00	.....	100,000.00
PUBLIC DEBT—Interest, Exchange, etc.....	5,787,000.00	5,787,000.00	.....
	<u>\$238,260,780.00</u>	<u>\$9,295,150.00</u>	<u>\$228,965,630.00</u>

BUDGET FORECAST OF ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1950—MARCH 31, 1951

DEPARTMENT	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Net Ordinary Expenditure
AGRICULTURE.....	\$ 7,700,000.00	\$	\$ 7,700,000.00
ATTORNEY-GENERAL.....	8,088,500.00	473,150.00	7,615,350.00
EDUCATION.....	56,186,000.00	114,000.00	56,072,000.00
HEALTH.....	33,398,950.00	514,200.00	32,884,750.00
HIGHWAYS.....	39,343,000.00	.....	39,343,000.00
INSURANCE.....	113,000.00	.....	113,000.00
LABOUR.....	1,068,000.00	9,000.00	1,059,000.00
LANDS AND FORESTS.....	10,215,000.00	.....	10,215,000.00
LIEUTENANT-GOVERNOR.....	14,500.00	.....	14,500.00
MINES.....	866,500.00	8,500.00	858,000.00
MUNICIPAL AFFAIRS.....	4,761,000.00	.....	4,761,000.00
PLANNING AND DEVELOPMENT.....	2,376,000.00	.....	2,376,000.00
PRIME MINISTER.....	96,000.00	.....	96,000.00
PROVINCIAL AUDITOR.....	219,000.00	.....	219,000.00
PROVINCIAL SECRETARY.....	889,000.00	.....	889,000.00
PROVINCIAL TREASURER.....	3,538,000.00	515,000.00	3,023,000.00
PUBLIC WELFARE.....	24,717,000.00	.....	24,717,000.00
PUBLIC WORKS.....	3,503,000.00	3,000.00	3,500,000.00
REFORM INSTITUTIONS.....	6,911,300.00	1,871,300.00	5,040,000.00
TRAVEL AND PUBLICITY.....	625,000.00	.....	625,000.00
MISCELLANEOUS.....	100,000.00	.....	100,000.00
PUBLIC DEBT—Interest, Exchange, etc.....	26,168,000.00	5,787,000.00	20,381,000.00
Sinking Fund Instalments and Railway Aid Certifi- cates.....	7,198,000.00	.....	7,198,000.00
	<u>\$238,094,750.00</u>	<u>\$9,295,150.00</u>	<u>\$228,799,600.00</u>

SUMMARY

BUDGET FORECAST

April 1, 1950—March 31, 1951

Net Ordinary Revenue.....	\$228,965,630.00
Less: Net Ordinary Expenditure (before providing for Sinking Funds and Maturing Railway Aid Certificates).....	221,601,600.00
Surplus (before providing for Sinking Funds and Railway Aid Certificates)....	\$ 7,364,030.00
Less: Provisions for Sinking Funds and Railway Aid Certificates.....	7,198,000.00
Surplus Forecast.....	<u>\$ 166,030.00</u>

BUDGET FORECAST OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1950—MARCH 31, 1951

DEPARTMENT	Gross Capital Receipts	Application of Receipts to Payments	Net Capital Receipts
HIGHWAYS.....	\$ 605,000.00	\$	\$ 605,000.00
LABOUR.....	6,000,000.00	.....	6,000,000.00
LANDS AND FORESTS.....	4,750,000.00	.....	4,750,000.00
MINES.....	30,000.00	.....	30,000.00
PROVINCIAL SECRETARY.....	3,916,000.00	.....	3,916,000.00
PROVINCIAL TREASURER.....	14,867,000.00	.....	14,867,000.00
PUBLIC WELFARE.....	32,315,000.00	32,315,000.00	.....
	<u>\$62,483,000.00</u>	<u>\$32,315,000.00</u>	<u>\$30,168,000.00</u>

BUDGET FORECAST OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1950—MARCH 31, 1951

DEPARTMENT	Gross Capital Payments	Application of Receipts to Payments	Net Capital Payments
AGRICULTURE.....	\$ 6,650,000.00	\$	\$ 6,650,000.00
HIGHWAYS.....	46,657,000.00	.....	46,657,000.00
LABOUR.....	6,000,000.00	.....	6,000,000.00
LANDS AND FORESTS.....	4,900,000.00	.....	4,900,000.00
PROVINCIAL SECRETARY.....	1,500,000.00	.....	1,500,000.00
PROVINCIAL TREASURER.....	2,158,000.00	.....	2,158,000.00
PUBLIC WELFARE.....	32,315,000.00	32,315,000.00	.....
PUBLIC WORKS.....	15,000,000.00	.....	15,000,000.00
MISCELLANEOUS	150,000.00	.....	150,000.00
	<u>\$115,330,000.00</u>	<u>\$32,315,000.00</u>	<u>\$83,015,000.00</u>

SUMMARY

Mr. Speaker: To summarize the outstanding achievements of the budget for the fiscal year 1949-1950, I recount,—

1. We are estimating a surplus of \$1,004,000 after providing a Sinking Fund of \$20,626,000.

2. We have paid legislative grants to Elementary and Secondary Schools of \$37,285,000.

3. We have paid grants to Public Hospitals and Sanatoria for capital construction and maintenance of \$13,100,000, an increase over the previous year of \$4,600,000.

4. This year closing we will spend on capital construction of Highways the sum of \$35,000,000.

5. We will have spent on Highway maintenance the sum of \$42,231,000, an increase over the previous year of \$2,000,000.

6. We have paid out as the Province's share of Old Age Pensions and Pensions for the Blind the sum of \$10,035,000, an increase over the previous year of \$1,575,000.

7. We have paid out in Mothers' Allowances the sum of \$5,379,000, an increase of \$844,000 over the previous year.

8. We have paid out in subsidies to Municipalities and School Boards for Highways, Police Forces, Fire Departments, Health and Welfare, Grants to Elementary and Secondary Schools, and other grants, the huge sum of \$70,000,000, all of which has contributed to lightening the burden on the municipal taxpayer.

9. This year we will have paid for Health Services, including grants to Hospitals the sum of \$37,466,000.

10. For this year we are giving to every public general hospital and every sanatorium a Special Grant of 25 per cent. of the amount which they received in 1949.

11. We have paid grants to Conservation Authorities of \$900,000.

For the fiscal year 1950-1951, we shall do the following,—

1. Provide for Legislative Grants to Elementary and Secondary Schools the sum of \$42,420,000. This is an increase over the 1949-50 fiscal year of \$5,136,000.

2. Provide for the following grants and increases to Universities,—

	<i>Grant</i>	<i>Increase</i>
University of Toronto.....	\$3,017,000	\$500,000
Queen's University.....	500,000	125,000
University of Western Ontario.....	500,000	125,000
McMaster University.....	125,000	25,000
University of Ottawa.....	125,000	25,000
Carleton College.....	75,000	10,000
	<hr/>	<hr/>
	\$4,342,000	\$810,000
	<hr/>	<hr/>

3. Provide \$14,050,000 for grants to Public Hospitals and Sanatoria for capital construction and maintenance.
4. Provide \$850,000 for new Homes for the Aged and, in addition, \$500,000 towards their maintenance.
5. Provide for capital construction of Highways \$46,000,000, which does not include the cost of Trans-Canada Highway.
6. Provide for the opening of two new mental institutions, one at Aurora and one at Smiths Falls, and expansion of the institution at St. Thomas.
7. Provide for Municipal Subsidies on Highways the sum of \$22,000,000.
8. Provide for capital construction on public buildings and public works including additional mental institutional accommodation and conservation program the sum of \$15,000,000.
9. Provide extensions to rural Hydro-Electric lines to service more than 30,000 additional customers.
10. We are budgeting for an estimated surplus in ordinary account of \$166,000.
11. There will be no increases in taxation except in the case of taxes on race track betting.
12. Hospitals Tax will be reduced from 20 per cent. to 15 per cent. with complete exemption in the case where the price of admission does not exceed 15 cents. This reduction is to be passed in total to the people and will benefit all, particularly children.

CONCLUSION

As we are about to enter upon another year's service for the people of Ontario, let us do so in the realization of the fact that we in this Province have a great heritage and a great responsibility. We are the wealthiest, the most populous of all of the Provinces of Canada. This we can say in a spirit of modest thankfulness. We are a prosperous Province. As Ontario prospers, so Canada prospers. I am most happy that the days of my political life have been devoted to the service of my native Province. Still, my chief pride is the fact that I am a Canadian. Let us as good Canadians dedicate ourselves to the task of carrying out our duty to our country. Let us keep our Province worthy of her place as the keystone in the arch of Confederation, accepting her full duty to Canada and sharing with our fellow Canadians the good things which a kind Providence has bestowed upon us.

APPENDIX

ESTIMATE OF PROVINCIAL-MUNICIPAL CAPITAL INVESTMENT
IN ONTARIO*Does not include expenditures or grants for repairs or maintenance*

(In thousands of dollars)

	Total 1949-50 ⁽¹⁾	Average per Month, 1949-50 ⁽¹⁾	Approximate Current Monthly Rate
1. Direct Capital Expenditures of the Government of Ontario			
Highways.....	\$35,000	\$2,917	\$2,917
Public Works.....	7,900	658	658
Hydro-Rural Power Extensions.....	10,800	900	900
Resource Development.....	15,500	1,292	1,300
Education ⁽²⁾	420	35	35
Health Grants.....	2,200	183	183
Grants for Community Halls.....	475	40	40
Miscellaneous.....	336	28	28
Sub-Total.....	\$72,631	\$6,053	\$6,061
2. Provincial Commissions, Etc.			
Hydro-Electric Power Commission of Ontario..	149,700	12,475	12,500
Ontario Northland Railway.....	894	75	75
University of Toronto.....	2,366	197	200
Sub-Total.....	\$152,960	\$12,747	\$12,775
3. Municipalities ⁽³⁾			
Schools.....	23,100	1,925	.....
Water.....	11,500	958	.....
Hospitals.....	11,300	942	.....
Sewers.....	8,000	667	.....
Pavement, Sidewalks, Bridges, Road Machinery	7,300	608	.....
Transportation Systems.....	6,600	550	.....
Civic Buildings.....	5,500	458	.....
Local Improvements.....	3,000	250	.....
Hydro.....	2,900	242	.....
Capital Expenditures out of Revenue.....	3,000	250	.....
Other.....	5,600	467	.....
Sub-Total.....	87,800	7,317	7,500
Total of Items 1 to 3 inclusive..... (Less Rural Power Bonus)	\$302,591	\$25,217	\$25,436
4. Value of Housing partially financed by Ontario Second Mortgage Loans ⁽⁴⁾	\$78,400	\$6,533	\$6,533
Total of Items 1 to 4 inclusive..... (Less Rural Power Bonus)	380,991	31,750	31,969

(1) Capital expenditures of Ontario Government departments, the Ontario Northland Railway and Hydro are shown for the fiscal year ending March 31, 1950 and all others for the calendar year 1949.

(2) Includes expenditure of Department of Education on Normal Schools, Schools for the Blind, etc., and grant for capital purposes to Vocational Schools (\$270,000). It does not include main educational grants or expenditure of Department of Public Works on provincial schools.

(3) Municipal expenditures, with the exception of capital expenditures out of revenue, are 1948 debenture approvals of capital undertakings.

(4) Provincial loans in 1949 amounted to \$11.2 millions.

March 14, 1950.

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Subject

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STATEMENT No. 1

PROVINCE OF ONTARIO SAVINGS OFFICE
BALANCE SHEET

As at March 31, 1949

ASSETS

Funds on deposit with Provincial Treasurer.....		\$ 63,825,419 21
Savings Offices—		
Cash on Hand and in Banks.....	\$	862,905 48
Accounts Receivable.....		358 87
Office Furniture and Equipment.....		10,374 85
Alterations to Premises.....		1,953 33
		<u>875,592 53</u>
		<u>\$ 64,701,011 74</u>

LIABILITIES

Savings Balances due to the Public with accrued interest to March 31, 1949....	\$ 64,407,728 64
Reserve.....	293,283 10
	<u>\$ 64,701,011 74</u>

STATEMENT No. 2

STATEMENT SHOWING SURPLUS OR DEFICIT
FOR THE PERIOD FROM JULY 1ST, 1867, TO MARCH 31ST, 1950

		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	37,442,985.53	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.....	215,469,613.61	206,256,361.37	9,213,252.24	
" " " " " "	1950**.....	224,033,800.00	223,029,800.00	1,004,000.00	

*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

<i>Fiscal Year</i>	GROSS DEBT		REALIZABLE AND INCOME		
	<i>Total</i> \$	<i>Yearly</i> <i>Increase</i> \$	<i>Hydro</i> \$	<i>O.N.T.C.</i> \$	<i>Loans, Cash</i>
					<i>and Accts.</i>
					<i>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
1949.....	628,663,000	275,000	71,868,000	30,208,000	42,912,000

*Five months ended March 31st.

**The populations are shown in the years between the decennial censuses and in accordance with estimates of the Dominion Bureau of Statistics.

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

STATEMENT No. 3

OF ONTARIO

AND NET DEBT

1949

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 "	4,101,000	120.24
161,635,000	9,501,000	466,753,000	26,334,000	1947 "	4,189,000	111.43
144,988,000	16,647,000	483,675,000	16,922,000	1948 "	4,297,000	112.57

STATEMENT No. 4

PROVINCIAL DEBT

Statement Showing Investment Thereof as at March 31, 1949

FUNDED DEBT—

Stock and Debentures Outstanding.....	\$582,445,500 00	
Less—Sinking Funds.....	48,530,000 00	
	<u>\$533,915,500 00</u>	
Railway Aid Certificates.....	4,135 23	
6% Bonds of the Sandwich, Windsor and Amherstburg Railway Company due July 1, 1961—Principal Liability assumed by the Province.....	900,000 00	
Total Funded Debt.....		\$534,819,635 23

UNFUNDED DEBT—

Savings Office Deposits.....	\$ 64,407,728 64	
Special Funds, etc.....	15,926,044 24	
Housing Corporation Limited—Liabilities.....	4,260,655 29	
		<u>84,594,428 17</u>
ACCOUNTS PAYABLE AND ACCRUED INTEREST.....		9,248,796 80
Gross Debt.....		<u>\$628,662,860 20</u>

INVESTMENT THEREOF—

Revenue Producing and Realizable Assets—		
Hydro-Electric Power Commission Advances.....	\$ 71,867,672 88	
Ontario Northland Transportation Commission—		
Advances.....	30,207,934 92	
Housing Corporation Limited—Investments.....	4,279,312 68	
Loans—Farm, Municipal, etc.....	19,333,519 64	
Accounts Receivable.....	9,703,432 24	
Cash on Hand and in Banks.....	9,595,832 78	
		<u>\$144,987,705 14</u>
Revenue Producing but not Realizable Assets—		
Roads and Highways.....	\$438,055,468 90	
Niagara Parks Commission (Surplus of Assets).....	1,696,647 04	
Dominion of Canada—Debt Account.....	2,848,289 52	
Dominion of Canada—Common School Fund.....	1,424,597 20	
		<u>444,025,002 66</u>
Total Revenue Producing Assets.....		\$589,012,707 80
Non-Revenue Producing Assets—		
Public Buildings, Public Works, etc.....	\$142,338,739 95	
Equipment, Stores and Materials.....	3,582,505 22	
Other Loans and Advances.....	1,111,854 00	
		<u>147,033,099 17</u>
Other Assets—		
Discount on Debentures, etc. (Less amount amortized).....		4,834,487 73
Total Assets.....		<u>\$740,880,294 70</u>
SURPLUS AND RESERVES—represented in above Assets.....		<u>\$112,217,434 50</u>

STATEMENT No. 5

GROSS PROVINCIAL DEBT

Statement Showing Increase

For Fiscal Year Ended March 31, 1949

	1948		1949		Increase 1949 over 1948	
	\$	c.	\$	c.	\$	c.
Funded Debt.....	543,824,696	79	534,819,635	23	9,005,061	56
Unfunded Debt.....	74,929,220	28	84,594,428	17	9,665,207	89
Income Liabilities.....	9,634,102	40	9,248,796	80	385,305	60
GROSS DEBT.....	628,388,019	47	628,662,860	20	274,840	73

ACCOUNTING FOR INCREASE IN GROSS DEBT—

Capital Disbursements—

Disbursements on Highways, Public Buildings, Works, etc.....	\$ 41,735,961	85
Less Capital Receipts.....	328,792	64

\$ 41,407,169 21

Housing Corporation Limited—Investments.....	4,279,312	68
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Discount on Debentures, issued during year (net).....	1,762,295	00
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Increase in Tile Drainage Loans (net).....	75,179	08
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Increase in Co-operative Marketing Loans (net).....	166,930	00
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Principal Amount of Sandwich, Windsor and Amherstburg Railway Company—6% Bonds due 1961, assumed by the Province.....	900,000	00
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Provision for Sandwich, Windsor and Amherstburg Railway Company coupons due prior to June 30, 1948, still out- standing.....	2,167	50
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\$ 48,593,053 47

Deduct—

Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.....	\$ 12,561	56
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Sinking Fund Instalments.....	15,550,000	00
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Surplus on Ordinary Account (as per Statement No. 2)	9,213,252	24
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\$ 24,775,813 80

Discount on Debentures, written off.....	508,827	86
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Net Repayments on Loans Receivable—

Hydro-Electric Power Commission of Ontario.....	\$ 15,982,732	52
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Agricultural Development Board..	2,625,000	00
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Municipal Debentures.....	11,813	76
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Guaranteed Debentures Redeemed	1,475	22
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Miscellaneous.....	125,403	18
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18,746,424 68

Decrease in Sundry Assets of Savings Office.....	9,873	05
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Decrease in Income Liabilities.....	385,305	60
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Decrease in Cash on Hand and in Banks.....	3,790,035	72
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Increase in Reserves (net).....	19,245	65
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Transfer of Athletics and Physical Education Fund to Surplus Account.....	82,686	38
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48,318,212 74

NET INCREASE.....\$ 274,840 73

STATEMENT No. 6
NET PROVINCIAL DEBT
Statement Showing Increase
For Fiscal Year Ended March 31, 1949

	1948		1949		Increase 1949 over 1948	
	\$	c.	\$	c.	\$	c.
Gross Debt.....	628,388,019	47	628,662,860	20	274,840	73
Revenue Producing and Realizable Assets....	161,634,533	50	144,987,705	14	16,646,828	36
NET DEBT.....	466,753,485	97	483,675,155	06	16,921,669	09

ACCOUNTING FOR INCREASE IN NET DEBT—

Capital Disbursements—

Disbursements on Highways, Public Buildings, Works,
etc.....\$ 41,735,961 85
Less Capital Receipts.....328,792 64

\$ 41,407,169 21

Discount on Debentures, issued during year (net).....1,762,295 00

Principal Amount of Sandwich, Windsor and Amherstburg
Railway Company—6% Bonds due 1961, assumed by the
Province.....900,000 00

Decrease in Accrued Interest on Agricultural Development
Board Debentures.....200,038 35

Provision for Sandwich, Windsor and Amherstburg Railway
Company coupons due prior to June 30, 1948, still out-
standing.....2,167 50

\$ 44,271,670 06

Deduct—

Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.....\$ 12,561 56

Sinking Fund Instalments.....15,550,000 00

Surplus on Ordinary Account (as per Statement
No. 2).....9,213,252 24

\$ 24,775,813 80

Discount on Debentures written off.....508,827 86

Increase in Income Accounts Receivable.....342,382 97

Decrease in Savings Office—Furniture and Fixtures and
Alterations to Premises.....9,639 88

Increase in Reserves (net).....19,245 65

Decrease in Income Liabilities.....385,305 60

Miscellaneous Decreases.....7,991 25

Net Repayments in respect to Other Loans and Ad-
vances.....32,014 84

Sandwich, Windsor and Amherstburg Railway Com-
pany—balance transferred from Unsecured to Secured
Loans.....1,050,476 57

Net Adjustment re City of Windsor Debentures.....135,616 17

Transfer of Athletics and Physical Education Fund to
Surplus Account.....82,686 38

27,350,000 97

NET INCREASE.....\$ 16,921,669 09

