

## The Budget Speech Made in Legislature Yesterday.

### SHARP CRITICISM BY OPPOSITION.

#### Civil Government Costs the Province Very Much More.

**Mr. E. J. B. Pense Followed Hon. Mr. Matheson and Pointed Out Many Extravagances and Made Numerous Comparisons of Finances as Administered by the Preceding Government—What Conservatives Opposed in Opposition Now Brings in Large Revenue to Provincial Coeffers—Liabilities on Capital Account Mount Up.**

The receipts of the Province for 1908, according to the budget presented by the Provincial Treasurer at yesterday's meeting of the Legislature, will amount to \$7,921,772.08. In addition to this there are in the Government's hand cash balances amounting to \$1,674,084.05, making a total of \$9,595,856.15. The estimated expenditure is so far, for there are still the supplementary estimates to come down, \$7,500,000. Among the receipts for the present year the Provincial Treasurer has included \$500,000 for timber dues which, owing to the financial stringency, were unpaid last year. A feature in the budget is that the Provincial mine is expected to produce \$100,000. The Hon. A. J. Matheson was followed by Mr. E. J. B. Pense, who severely criticized the Government for the manner in which they had allowed public expenditure to increase. He drew some startling comparisons between the figures for 1904 and the present time, and pointed out many instances where expenditures which were absolutely unnecessary had been embarked upon. Particularly he censured the Government for the large amounts which for no apparent reason had been expended in obtaining legal advice. The debate was continued by Mr. G. H. Ferguson and Mr. A. Hislop, on whose motion it was adjourned until Tuesday.

**The Budget Speech.**

Rising to deliver his budget speech, the Hon. A. J. Matheson, Provincial Treasurer, was received with cheers from the supporters of the Government. At the outset he congratulated the Province and the Legislature upon the great financial prosperity experienced, notwithstanding the worldwide financial depression. The receipts for the year, he said, amounted to \$8,320,419, and the expenditure, apart from the advances to the Temiskaming & Northern Ontario Railway, were \$7,714,245, leaving a surplus, in round figures, of \$606,000. This surplus, he went on to explain, might have been made much larger had the Government undertaken to press the lumbermen for the full timber dues owing the Government. It was almost impossible, he said, to secure money for timber because of the depression, and had the Government insisted on prompt payments men would have been compelled to sacrifice their property. The dues which should have been paid in December were still to be paid, and the Province was receiving on this interest at 6 per cent. These timber dues amounted to \$500,000. The receipts from the T. & N. O. Railway, he continued, were more than sufficient to pay the interest on the loan, and were practically

paying the sinking fund on the cost of the road being operated. It was usual to charge interest on the capital invested during construction to capital account, and the \$105,000 interest on the Canadian loan might reasonably be charged to the capital cost of the road, but it was charged to the consolidated fund, and therefore appeared as a disbursement.

#### Where the Money Went.

It had been asked, he added, where all the money had gone. On December 30, 1904, there was cash on hand of \$2,855,000, and the three years' surpluses had brought this amount to \$4,511,000. Still the money had simply been loaned to tide over the financial crisis, and they did not want the surplus all taken up in the construction of a railway, because there were asylums to be attended to, a central prison to be built and the north country to develop. It was not fair that every dollar should be taken up in the building of a railway, but the Government should borrow and use the cash for other purposes. During the past year the first installment of the increased subsidy from the Dominion Government had been received, as a result of the Prime Ministers' conference at Ottawa. Instead of \$80,000 subsidy they now obtained \$240,000. During the last year they had collected \$300,000 more than in 1904, when the Province had received \$1,614,000 from the bonus on timber sales. It was true the present Government had received \$1,300,000 from the sale of Cobalt and Kerr Lakes, as compared with the receipt of \$1,614,000 in 1904. Outside of these amounts the present Government had been able to show the total revenue of \$600,000 increase, as compared with 1904. That, he said, was one of the achievements in which the Government took pride.

Continuing, he instanced a number of increases in the receipts over 1904, among them the Provincial Secretary's Department, the receipts of which had increased by \$155,000. The receipts from public institutions had also increased \$87,000 since 1904. Of this amount \$57,000 came from patients confined in these institutions. Continuing, he said that the Government would insist on patients paying their share at these public institutions when they were able. The Central Prison, he stated, had brought in \$67,000. With regard to succession duties they had tried not to be harsh, but

the Government would insist that what was owing should be paid. Continuing his comparison, Hon. Mr. Matheson said that in 1904 the total revenue was \$6,128,000, whereas last year it was \$8,320,000.

#### Spent Well and Wisely.

Notwithstanding that certain amounts paid into the revenue last year could not figure in the estimated income for 1908, he hoped that the revenue would increase to an amount above that of last year.

Proceeding, the Provincial Treasurer said: "Therefore, Mr. Speaker, I would urge on the House and the Province that there is less necessity for economy. The expenditures which we have made hitherto are all provided for, they are all justified, but what we have to take care of in this Province is not to increase the permanent expenditures, which cannot be cut off if necessary. When we have the money there is no reasonable objection to capital expenditure. If we give half a million dollars to colonization roads, and we have the money to spend, it is all right, because in case of necessity we can cut it down by \$100,000 a year. When we have the money, and we have it, the grants for colonization roads and such work are legitimate expenditures. With the loans which we propose to float as soon as times are somewhat better, we shall have plenty of money to carry out all the capital expenditures reasonably required by this Province not only in erecting public buildings, but also colonization roads and various public works.

#### The Credit of Ontario.

Mr. Matheson, proceeding to illustrate the condition of the Province's credit, stated that the London loan, for which the underwriters paid 96 5-8, was during last fall down to 92 or 93. "In December we paid for an accommodation loan 92 3-8. A fortnight ago, at the beginning of this month, they were selling the Canadian loan at 95 1-2, showing an advance in our credit of three per cent. in the past three months. I have no doubt that our credit will advance as times get easier, and that in the fall it may be quite possible to float a loan in England so as to attract the money to Canada at a reasonable rate of interest. If we could only get our securities on the trustee list in England

there would be no difficulty in selling our bonds at 99 to par."

Passing on to his estimates of income for the coming year, the Provincial Treasurer stated that estimated receipts for 1908 were \$7,921,000, to which might be added \$300,000 earnings of the Temiskaming & Northern Ontario Railway, making a total of \$8,221,000. That he regarded as a conservative estimate. Among the sources of revenue was the Provincial mine, which was expected to produce \$100,000, and the Provincial Treasurer mentioned that the first car load of ore had already been sent over the newly completed Kerr Lake branch of the Temiskaming & Northern Ontario Railway.

#### Where It Will Come From.

The Province would, of course, have the advantage of the increased subsidies. The income from the Department of Lands, Forests and Mines he placed at \$3,050,000, of which \$500,000 consisted of timber dues unpaid in 1907. Public institutions were expected to produce \$140,000; the Central Prison, \$45,000; Education Department, \$43,000; Provincial Secretary's Department, \$150,000; agriculture, \$75,000; casual revenue, \$140,000; succession duties he estimated to produce \$600,000, although it was a source of revenue which it was impossible to estimate accurately. The supplementary revenue act he put down to produce \$670,000; tavern and brewers' licenses, \$550,000; law stamps, \$90,000, and game and fisheries, \$100,000. The estimated expenditure was \$7,500,000, and he had therefore great hope that next year would see another surplus.

Mr. Matheson proceeded to show how in connection with all departments expenditures had increased in the interests of the people. In connection with education—and public money could not be better expended—exclusive of the university, the Government were expending \$600,000 more than was spent in 1904. The Government had undergone great stress in voting this money, because of the many other claims upon them in connection with the development of North Ontario, the making of roads, and the building of bridges and public buildings.

#### Liabilities the Same.

The liabilities of the Province were very much the same as they were three years ago, with the exception of the two loans for the construction of the Temiskaming & Northern Ontario Railway, part of which had been paid. The Government had, as a matter of fact, paid in the last three years \$352,000 towards the reduction of the Provincial debt. (Applause.) The guarantee on the Soo loan had also been reduced, but owing to the financial crisis an extension had been granted for six months from April next, and he had great hope that at the end of that

period the obligation would be entirely removed.

#### To be Completed Soon.

The Provincial Treasurer, with reference to the Temiskaming & Northern Ontario Railway, said it was hoped that in six months' time the steel would be laid as far as the proposed junction with the Grand Trunk Pacific. The work, he mentioned, had been considerably delayed owing to the loss of time which had occurred in regard to the construction of bridges over the Wabi and Driftwood Rivers. He also claimed that the new survey had resulted in the finding of an improved route which would result in locomotives being able to haul forty cars instead of twenty. In conclusion, Mr. Matheson claimed that the Government had tried to administer the affairs of the Province in the best interest of the people and had been successful.

#### Opposition Criticism.

In reply, Mr. Pense first referred to the prosperity attaching to the Dominion as a whole during the last few years. The other Provinces were also showing surpluses, and since 1904 the surplus of Quebec had advanced from \$27,066 to half a million dollars. One of the Conservative speakers in the Ontario Legislature had, he said, made a reference to the Liberals losing their Moses. It was true, he added, that the Biblical Moses had failed to reach the promised land, and the Moses of the Liberal party was denied seeing the benefits accrue to the Province for which he had labored so earnestly. It was found that the total receipts in Ontario during the last year were \$8,320,000. Of this amount \$833,503 had come from succession duties; \$672,241 from supplementary revenue; \$235,090 from the T. & N. O. Railway; \$240,007 from letters patent and licenses; \$1,184,719 from mining sales and leases; \$272,397 from