

previous years." In spite of criticism last year as to his method of accounting, the Provincial Treasurer said he still maintained he was correct.

Old Government "Surplus."

The Provincial Treasurer illustrated the difference between his method of accounting and that of the late Government, under whose regime numerous items were treated as ordinary revenue that were now being treated as capital revenue. "Had the financial statement been brought down and produced upon the old lines, that, on the lines which the old Government adopted," he declared, "we would have shown a surplus of \$875,198."

Hon. Mr. Smith remarked on the abnormal times and conditions through which the Government was passing, and in addition he pointed out that the new Administration had numerous bills to pay for which it was not responsible. He mentioned election expenses, grants to universities, public institutions, education, maintenance of public institutions, Department of Health, and the exchange situation.

Where Province Benefits.

The election expenses, Hon. Mr. Smith pointed out, were over \$600,000, or "almost equal to our deficit this year."

R. L. Brackin—You got the benefit of them.

Hon. Mr. Smith—Yes, but the Province got more benefit from that expenditure than any other.

The Provincial Treasurer proceeded to twit members of the late Government on the fact that in many ridings where they had made large expenditures they had not got a single vote. He felt that in this respect the late Government had not been dealt with fairly.

University grants, he proceeded, totalled \$400,000, in round numbers. Another heavy item was that of teachers' and Inspectors' superannuation, which amounted to \$460,000. In this respect, the Treasurer said, the Province had squared itself with the Consolidated Revenue Fund by paying to that fund the amount owing to it, something, he said, that had not been done before.

Civil Service Satisfied.

Increased salaries to civil servants, amounting to \$460,000, Hon. Mr. Smith contended, were perfectly justifiable. "We are not going so far as to say that these increases have been too great," he declared. "We have had a great many cases with civil servants where they have been enjoying perquisites. We valued these perquisites, but they do not show here as being deducted from the amount of increase which the civil servants got.

"I believe," he proceeded, "that the civil servants here to-day are better satisfied than ever before in their lives. And they don't hesitate to come and tell us. We tried to put these servants on a footing commensurate with their services, and we have now a satisfied and efficient Civil Service, something we have never had before to the same extent."

Aiding Education.

In common with all other civilized countries, he said, Ontario had not cut down educational expenditure following the war. One big item under this head was that of technical education, upon which over \$400,000 had been expended. As the Dominion Government contributed a like amount, this made, the Provincial Treasurer pointed out, nearly one million dollars per annum available for technical education in Ontario. All told, he said, the Government's increase in expenditure on education was \$1,610,658.

Maintenance of public institutions, he said, cost the Province more than in 1920. He said it was unfortunate that the Province should have so many people in these institutions, but there was one thing that must be done, and that was to take care of those who were there, both prisoners and insane. He instanced that the average daily cost of maintaining a patient in a Provincial hospital had more than doubled in ten years.

The new Department of Health, the Minister proceeded, "has done wonderful work and cost a lot of money. We feel that any money spent on the health of the people is justifiable." Hon. Mr. Smith attributed the increased expenditure to

the wide use of vaccines and serums, due chiefly to local outbreaks of smallpox and diphtheria. He said that there was a very wide demand nowadays for these serums, which had been made free to the public.

Paying Off Old Debts.

The late Provincial Treasurer, he said, had been forced into the financial market when conditions for borrowing were at their worst. On one occasion, he said, that official had been forced to go to the Dominion Government to borrow enough to keep the Province going. At another time the late Provincial Treasurer, he said, was forced to borrow \$3,000,000 in New York on a Treasury note. When the present Government repaid that note, he said, the exchange charges amounted to \$391,000.

"Altogether," he said, "exchange rate on interest coupons and repayments of loans cost the Government this year \$789,165, or, in other words, practically our whole deficit would have been wiped out if there had been no exchange between us and the United States."

Touching upon increased revenues during the past year, Hon. Mr. Smith mentioned the T. & N. O. Railway, which, he said, had just completed one of the most successful years in its history. "In another year," he said, "we hope to be able to say that the railway's profit will not only pay interest on investment, but leave a profit besides." To-day, he said, the T. & N. O. Railway was equal to any railway in Canada in the standard of its equipment and rolling stock.

Sources of Revenue.

Of a total expenditure of \$4,000,000 on public highways, the Provincial Treasurer anticipated refunds as follows: \$737,000 from the municipalities and \$1,426,000 from the Dominion Government, or a total of \$2,163,000, leaving an actual expenditure of only \$2,326,000.

Expects Surplus This Year.

Estimated ordinary expenditure for the year Hon. Mr. Smith placed at \$20,880,000, and estimated ordinary revenue at \$25,683,000, which did not include statutory expenditures, which would amount to about the same as last year.

He listed the items for which increased revenues would be required during the coming year, such as mothers' allowances, unemployment funds, etc. With regard to the latter, he looked for improvement in the industrial situation. "I believe that economic conditions will be relieved to a large extent shortly, and a great many factories at present closed down will be operating," he said.

"To offset the increased expenditure on certain lines next year," he proceeded, "we are amending the Corporations Tax Act, so that it will bring in an estimated revenue of \$450,000." The amendment, he said, will provide for a tax of one-quarter of 1 per cent. on all reserve funds of chartered banks.

Increases on Taxation.

"We are increasing the railway taxation from \$25 per mile to \$40 per mile," he went on. "While the Canadian National is likely to show a large deficit, other railroads are making money, and have increased their rates all along the line, and we feel we are perfectly justified in having a little more revenue."

"We are proposing to put a tax on billiard parlors which will increase our revenue \$280,000. It is an amusement tax."

"We are proposing to tax real estate transfers—two mills on the dollar all over the Province. Our estimated revenue from that is \$250,000."

"We expect to increase our revenue from the Mining Tax Act \$100,000."

"The estimated increase in revenue from these sources will be \$1,500,000."

He concluded with a warning to Opposition members.

"The Province of Ontario," he said, "is sound—the best in the Dominion of Canada. We are in the money markets continually for money and will be until the Hydro developments are completed. It will be necessary for our Opposition friends not to say anything that will hurt the cause of Ontario, that will have an adverse effect on the borrowing powers of the Province."