

# NEEDS NO NEW TAXES TO FINANCE PROVINCE, MR. SMITH ANNOUNCES

## Provincial Treasurer Presents His Fourth Budget Showing That Anticipated Revenues From Existing Imposts Would "Comfortably" Meet Estimated Expenditures for 1922-23

### TO PROVIDE FUND TO AMORTIZE DEBT

### Plan Announced for Setting Aside Amount Each Year From Revenue to Build Up Sinking Fund to Retire Bonded Indebtedness of Ontario in Approximately Forty Years

There is to be no new Provincial taxation this year. In his fourth Budget speech to the Ontario Legislature yesterday afternoon, Provincial Treasurer Peter Smith stated that the considered opinion of the Government was that anticipated revenues from existing forms of taxation would "comfortably" meet the estimated expenditures for 1922-23.

Next in importance in the remarks of the Treasurer was the announcement—brand-new—that the Government proposed to establish a sinking fund to take care of Provincial debt, on a basis that would wipe out the net debenture debt of \$61,589,359 in approximately 40 years.

Commencing April 30 next, he said, he would begin the appropriation from ordinary revenues of one-half of 1 per cent. of net debt semi-annually, placing the Victory and Provincial bonds so purchased in the vaults of the Province. Each six months he would invest the interest and keep adding interest upon interest.

#### Challenges His Critics.

In the two and a half hours which the Treasurer occupied in making his deliverance upon Provincial finances he delved extensively into practically every department of expenditure, explaining and justifying the increases. He called the attention of the House to advice, given just within the last few days by Government critics, to increase expenditures along certain lines which they deemed of importance. That, he maintained, was characteristic of the trend of criticism of the last three years. He challenged Opposition members to place their fingers upon any single item which they deemed to be an extravagant expenditure.

He defended the Government from charges of unwarranted expenditures upon lawyers by comparing the records of the present and the past Government in that connection. Whereas the totals were approximately equal, the Drury Government's expenditures upon

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lawyers, he said, were judiciously made and netted the Province hundreds of thousands of dollars return. And whereas the old Government had spent \$18,000 in legal fees to secure a comparatively small amount of revenue from succession duties, this Government had during the last year spent just \$94 to get \$6,000,000.

#### Where the Big Money Went.

By a process of careful elimination Hon. Mr. Smith explained to the House the various items making up the increases of \$15,000,000 and \$143,300,000, in ordinary expenditures and Provincial liabilities between 1919, when the Government took office, and the present year. Although he figured them out almost to the last dollar, increases for education and \$5,000,000 interest, largely for Hydro, accounted for the bulk of the first item, and, "Hydro, \$71,400,000," and "Highways, \$36,900,000," accounted largely for the second.

He announced that he would shortly be bringing down the usual Provincial Loans Act, giving authority for the flotation of loans in the coming year to about \$35,000,000, required as follows: Refunding, \$11,900,000; T. & N. O. Railway, \$3,000,000; purchase of succession-duty-free bonds, \$5,000,000, and, highways, \$16,000,000.

He had a word of warning to municipalities in connection with the tendency to increase per capita debts and he went over a list of a dozen municipalities to show that very few were below the \$100 per capita mark. In the Provincial field, he showed Quebec to be in the lead with a per capita debt of \$21.30, and Ontario a close second with \$22. They ran on in order: Nova Scotia, \$27.53; Saskatchewan, \$33.69; Manitoba, \$44.03; New Brunswick, \$44.65; Alberta, \$59.77; British Columbia, \$71.60.

#### Increases in Revenue.

In dealing with the ordinary receipts the Treasurer explained some of the larger increases. The Dominion subsidy, he said, was now \$2,765,729.08, an increase of \$269,350.20 over the previous year, due to increased population.

Lands and forests was \$4,439,340.03, of which \$1,218,059 had been placed in capital receipts, leaving \$335,451 of an increase over the previous year. This was the largest revenue produced by the lands and forests since Confederation, and over double the amount raised in the last year of the previous regime. A sum of \$400,000, being the result in part of the Shevlin-Clarke action, was included in this.

Motor vehicles produced \$3,477,000, over half a million more than the previous year, and more than double that of 1919.

The largest revenue came from the succession duties—\$6,523,245.21. His Government, he said, had increased the rates on the larger estates; there was no field of taxation more justifiable than the succession duties. Close supervision by the Succession Duty Office had resulted in increased valuations and more revenue. The Province had lost \$419,333 of succession duties because of estates holding succession-duty-free bonds issued by the former Administration, and the loss did not end with one estate, as the bonds were resold.

Corporation tax amounted to \$5,641,357, two and one-half millions more than last year. The 5 per cent. on wagers at race-tracks was included in this, and amounted to \$2,212,220.

Hydro-electric interest amounted to \$5,866,983—\$1,400,000 more than in the previous year. They owed some \$290,000 more on account of

the Nipigon development. This outstanding amount was included in the assets of the Province.

The land transfer tax had brought in \$521,115; some \$350,000 more than the five months' collections from the previous year.

Ordinary expenditures were \$8,863,297.85 more than the previous year. Interest, including \$6,000,000 for Hydro-electric loans, amounted to \$11,719,682. The Government, he said, has been generous with grants for educational purposes, for hospitals and charities. Education had received \$7,600,000 from this account and over \$2,000,000 from capital account for buildings, etc.—nearly ten millions in all for education.

A large increase in ordinary expenditure was the mothers' allowances—\$1,379,293 being expended. This expenditure had been placed in the extraordinary column last year, as there was no taxation to meet it. The act was now stabilized, and so he had placed it in ordinary. The municipalities contributed a large portion and the net cost to the Province for the year was \$762,000.

#### All Appropriations Not Spent.

Proceeding, the Treasurer informed the House that they had voted him some \$52,000,000 in appropriations under the Supply Bill, and he had spent some \$44,000,000 of these appropriations. A few departments had exceeded their estimates, for which there was ample justification, but in the main they were well within their appropriations. In fact there was a net unexpended balance of some \$8,000,000. These appropriations, of course, did not include statutory expenditures which were authorized by acts passed by the Legislature.

Capital expenditures amounted to the large sum of \$51,885,480.32, but showed a decrease of \$12,000,000 from previous year. A statement of these expenditures was also submitted, as follows:

Education .....	\$ 2,203,836.88
Colonization roads.....	402,710.69
Lands & forests.....	744,657.60
Mines Dept. ....	35,236.39
" " .....	25,863.50
Game & Fisheries....	38,048.35
Hospitals & Charities..	118,000.00
Repairs & Misc.....	17,605.00
Prov. Sec. Misc.....	102,523.08
Treasury misc. ....	214,748.19
Public Works .....	588,942.16
do buildings .....	1,508,080.20
Labor & Health .....	233,235.89
Special Warrants ....	498,446.99
" " .....	1,172,200.00
Statutory .....	28,735,244.88
Hydro - electric Com.	
do advance .....	12,962,417.00
do Capital expenses..	230,000.00
T. & N. O. Rly.....	2,054,182.82

Total .....\$51,885,480.32

#### Details of Increased Spending.

The Minister gave in some detail just what composed the increases in ordinary expenditure of 1922 over 1919. He accounted for the \$15,000,000 increase in the following services:

Increases for education..	\$4,340,000.00
Mothers' allowances...	1,379,000.00
Interest, largely for Hydro .....	5,037,000.00
Increased cost, care for sick and suffering..	1,400,000.00
Increased amount spent in agriculture .....	390,000.00
Workmen's Com. Act..	126,000.00
University of Tor.....	507,000.00
Teachers' & Inspectors' Superannu'n Fund	554,000.00
Northern Developm't..	581,838.54
Highways maintenance..	903,732.20
Increases under Legislation, Colonization roads & miscellan'us.	250,000.00