

Friday, March 12 24

To Be Further Estimates.

Mr. Price laid on the table supplementary estimates for the present year amounting to \$1,951,504, announcing at the same time that there would be further supplementary estimates. In the supplementaries is a \$10,000 item for operation of a farm for reception, training and distribution of overseas farm-boy apprentices.

In opening, Mr. Price paid tribute to the memory of Sir Adam Beck, and paused to extol the record of "another great public servant," the late Clerk of the House, A. H. Sydere. Then he proceeded to note improvements in the manner of presentation of the Public Accounts. He was able to announce, he said, that the full statistical presentation of Provincial affairs which he made last fall is varied only slightly by the complete returns now before the various departments.

Noting complaints as to the late bringing down of Public Accounts in the Legislature, Mr. Price contrasted the return dates in other Provinces, which, he said, were favorable to Ontario.

Saving on Loans.

During the past year, he said, the Province had taken advantage of the low rate of interest for short-date money, and placed entirely temporary loans. The saving accomplished amounted to about \$250,000, and, he thought, would enable the Province to go into the money markets this year and get money at a lower interest rate than would have been possible last year.

Passing over the revenue and expenditure figures since 1923, Mr. Price said: "These figures show that from the last year of the previous Administration the ordinary revenue of the Province changed from a deficit of over \$9,500,000 to a surplus of nearly \$2,200,000, a change for the better of over \$11,700,000."

Huge Interest Deficits.

The people of Ontario, the Treasurer said, had a lesson to learn on the point of their payments on account of interest, to prepare themselves for the necessity of the proposed sinking fund provision. Ontario's interest deficits ran over five millions in 1923, six and a half millions in 1924, and over seven millions in 1925. There had been a striking improvement in revenue surplus, except on that uncontrollable item of interest.

Mr. Price said that, under the "tightened-up" methods of accounting instituted by this Government, Drury Government deficits would have totalled \$24,499,828 during its four years of office. The Government, he said, was proceeding each year to "tighten up" the affairs of the Province so that they would be administered on an actual business basis.

Duty-Free Bonds.

Discussing for a moment Ontario's position with regard to outstanding succession - duty - free bonds, Mr. Price said that \$4,507,000 of them were in active circulation in Ontario. In addition, sterling issues outstanding in London amounted to about \$1,375,000. Although last year the Province took power by special legislation to secure any of the succession-duty-free bonds which might be inventoried in various estates, on the advice of the Financial Controller, none of them had been taken up, because it was estimated the loss resulting from their being outstanding was not so great as the interest loss involved in supplying finances with which to buy them. They appeared to be very closely held in a few estates.

The Government's policy with respect to Savings Offices, he said, had been justified by the appearance of a \$100,000 surplus on their account. They were now providing a surplus against losses. Deposits totalled \$19,220,000 at the end of this fiscal year, as compared with \$22,000,000 last year, despite the decrease of 1 per cent. in interest rates.

The Agricultural Development Board had loaned to farmers \$9,584,000, in comparison with \$7,205,442 a year ago.

Cost of Highways.

From 1915 to 1925 the Province had spent \$110,933,615 on good roads, receiving back \$16,122,689 from the municipalities and Dominion Government. It left a very heavy debt on account of roads, which should be retired during the lifetime of the roads. He calculated at \$5,035,000 the interest necessary to carry this huge outlay each year, and the total annual cost at \$10,569,911. Revenue strictly attributable to roads was only \$7,613,427. Last year Ontario spent a million more than she received on account of roads, and at the same time provided no sinking fund.

"I am hoping next year," he said, "that our full year's revenue from the gasoline tax will bring us another \$1,400,000, and that the licenses may increase this a further \$300,000. This would leave us \$700,000 to apply on a sinking fund. Of course, we must remember that it may be required that there be more expenditure on the maintenance of roads next year, as more of the trunk highways are getting old, and will require more attention. It will also follow next year that the roads constructed in the present fiscal year will require some repair and attention. It is further quite evident that it will be a number of years before we have sufficient revenue to carry our roads and at the same time provide a fair sinking fund to retire the bonded indebtedness."

Sinking Fund Needed.

In drawing his lesson as to the necessity of sinking fund provision, Mr. Price noted an increase in public debt between 1916 and 1926 from \$52,000,000 to \$277,000,000, on which interest payments had increased from \$2,000,000 to \$15,000,000. Against this there were now total sinking fund provisions for only 4.626 per cent. of the funded debt of the Province. The present method of dealing with debt was to pay interest and nothing off principal. In forty

years the Province, by this method, pays \$2,000,000 on interest, and still has its \$1,000,000 of principal to pay. The saving effected on \$1,000,000 by the new instalment annuity method would be \$668,880.

Adopting the Special Committee's recommendation for an instalment annuity plan on the debt, exclusive of Hydro debt and inscribed stock, the Province would pay yearly on principal and interest \$11,218,000, as against present interest amounting to \$9,782,000, making an amount to be raised from annual revenue of \$1,436,311.

To Wipe Out Hydro Debt.

The Hydro Commission advised that 1927 would see full sinking fund provision in operation in respect of its indebtedness to the Province. Through a slight amendment to the act, provision would be made whereby, in a period of forty years, the Hydro would owe nothing of its present debt to the Province, and the Province have correspondingly reduced its own debt. After complimenting the Hydro upon its provision of sinking funds to date, Mr. Price said that the time had now arrived for similar institution with regard to Chippawa, the Nipigon, and other main undertakings.

Mr. Price said that, according to the report of the Provincial Auditor, the collection of revenue in every department had been very much improved by the intensive audits of the past year, as well as by those going back for five years. In the Highways Department a million dollars had been collected which otherwise would have been lost through lax bookkeeping and the billing of municipalities. The Treasury Department had collected additional sums of over \$40,000, and a partial list of other moneys which had come in on account of the audits amounted to \$250,719.63. The Province also had made great headway in prosecuting the five-year audit.

Per Capita Comparisons.

Mr. Price gave the House a tabulation showing how Canada compared in per capita taxation with Australia, Great Britain, and the United States. This tabulation, based on the year 1923, but reflecting pretty well, he thought, the conditions of the present time, was as follows:

	Can.	Aus.	G. Brit.	U.S.
National . . .	\$37.62	\$42.26	\$79.00	\$29.22
State or Provincial . . .	5.16	15.86	8.51
Municipal, etc.	23.33	11.56	18.12	29.66
Total . . .	\$66.11	\$69.68	\$97.12	\$67.39

Pointing out Canada's advantages in this connection, Mr. Price expressed the belief that the country had been unfair to itself in permitting so much talk about heavy taxation.

To Eliminate Double Taxes.

Dealing further with taxation reforms, Mr. Price spoke of the efforts of the Government in the past to inaugurate some scheme in the Treasury Department which would be of benefit to the Province. During the present year, he said, the Government was directing its attention to the wiping out of double taxation among the Provinces of the Dominion, and, as far as possible, with foreign countries. Ontario, he said, had for a number of years waived its taxes rather than have its citizens pay a double amount. The question, he added, had agitated the minds of Governments all the world over, and a point had been reached where it should be dealt with on its merits and some solution arrived at. In referring to conferences on the problem which have been held in New Orleans, Winnipeg and Quebec, Mr. Price said that the elimination of double taxation would mean some immediate loss of revenue, but it was felt that an

equitable treatment of the taxpayer would tend to do away with avoidance and evasion of the tax and that the immediate loss of revenue would be ultimately overcome. Further conferences, Mr. Price said, would be held between Ontario and Quebec with a view to effecting a solution of the difficulties between these two Provinces.

Under the head of "No New Taxation," Mr. Price declared:

"The Government has been waiting for a turn of the tide, the betterment of business conditions in Canada and throughout the Province. We have hesitated to place any additional taxation, but have rather been feeling that good business conditions would bring somewhat increased revenue in the various departments. There were two new realms of taxation opened up last year. The first was:

New Taxation.

"Gasoline Tax—This tax of 3 cents per gallon has proved a very productive one. In a full year it is anticipated that there would be collected about \$3,400,000. For a little over five months of the past period of the year there was collected about \$2,000,000. The collection on this tax up to January 1 amounts to \$2,500,000, and there are still four months to go.

"Luxury Tax—In the same year the luxury tax on wines, beers and carbonated drinks was imposed. This tax for a period of five months brought in the sum of \$375,000. The tax on carbonated drinks produced somewhat over \$80,000. It is quite probable that for a full year the tax on carbonated drinks would not be more than \$100,000.

"We have decided to abandon the tax on carbonated drinks. This is done partly on account of the small revenue received and the extreme difficulty found in collecting this tax."