

out at various times. Had this Government continued on the high level of capital expenditure which prevailed when they entered office, the increased interest which this Province would now be paying would be some \$2,300,000.

"It is interesting to note that the entire debenture debt, exclusive of serial loans, maturing during the next eleven years amounting to \$81,000,000, bear interest rates of either 5 1-2 per cent. or 6 per cent. With a continuance or bettering of present interest rates, a considerable saving of interest will be effected in their refunding as they mature."

Drawing the House's attention to the "cheap money" the Province had been able to negotiate during the fiscal year 1927, the Treasurer said:

"Ontario's January, 1927, \$24,000,000 loan, which cost 4.77 per cent., was the cheapest money obtained by any Province, with one exception, in the Dominion to that date on a long-term issue. It will, therefore, be noticed that our rate was a most favorable one, when we consider that all the largest cities of Canada, including Quebec City, Montreal, Toronto and Winnipeg, were in the market for money.

Equal to Quebec.

"Again in October we advertised a \$24,000,000 30-year serial loan. This money cost us 4.56 per cent. In this case the rate equalled that of Quebec, who issued \$4,000,000 25-year bonds, for which they paid 4.56 per cent. This is the first time that the Province of Ontario has been able to equal the price obtained by Quebec, which has had the reputation of always being able to secure the cheapest money in Canada. All other Provinces and cities in the Dominion around that period were obliged to pay higher rate of interest for their money.

"I wish to draw your attention to further facts reflecting vary favorably to the credit of this Province. The Niagara Parks Commission in December last issued a \$2,000,000 20-year serial bond, guaranteed by the Province of Ontario, which cost the Commission 4.42 per cent. Up to that time this was the cheapest money, with the exception of one small loan issued by one of the Maritime Provinces, but in January last the T. & N. O. Railway Commission went into the market with a \$6,000,000 40-year serial loan, which brought the highest bid for any issue in Canada since the war. This money cost the Commission 4.21 per cent., which was a remarkable record, and Ontario thus stood in relation to all cities and Provinces of the Dominion at that time at the head of the list for cheap money."

Debt Retirement.

In respect of "debt retirement" Dr. Monteith referred to the retirement scheme evolved in 1925 by his predecessor, Hon. William H. Price, now Attorney-General, adding:

"It no doubt is gratifying to the people of this Province and to honorable gentlemen present, to learn that up to date the program of debt retirement as adopted has been carried out to the letter, according to the plan laid down. The first \$3,000,000 was due to be paid in 1927, the last fiscal year. I desire to announce at this time that this undertaking has been fully met, and that \$3,028,000 has been paid off the debt during the fiscal year 1927. Of this amount \$1,689,500 has been provided out of ordinary revenue, and \$1,338,500

by the Hydro-Electric Power Commission from its sinking fund.

"In 1928, the present fiscal year, there falls due under the plan, \$3,146,000 to be paid off the debt. As issues are made representing new debt incurred since the inception of the retirement plan, these will be in instalment form, and the annual maturities will be paid out of revenue."

The matter of outstanding obligations in respect of securities issued by the Province, free of succession duties, was, in the Treasurer's opinion, "one of considerable interest" to the general public.

"The original amount issued in currency," he said, "was \$13,998,600, of which there has been redeemed and cancelled \$11,572,100, leaving outstanding at the present time in the hands of the public, \$2,426,500.

"In sterling there was originally issued £2,457,841. Of this there has been redeemed and cancelled £1,968,474, and beought in for sinking fund, £224,772, leaving outstanding in the hands of the public only £264,594."

Assets and Liabilities.

Total amount of Ontario's assets, made up chiefly of advances to the Hydro-Electric Power Commission, the T. & N. O. Railway Commission, loans to municipalities and buildings, roads, etc., was, he said, \$402,591,000.

Total liabilities amount to \$368,920,000, leaving an excess of assets over liabilities of \$33,671,000.

Revenue which came into the Treasury during 1927 was announced by Dr. Monteith as follows:

Prime Minister's Department, \$546,826; Legislation, \$21,502; Attorney-General's Department, \$4,827,148; Insurance, \$152,590; Education, \$628,283; Lands and Forests, \$3,445,763; Northern Development, \$4,092; Mines, \$796,84; Game and Fisheries, \$721,576; Public Works, \$16,139; Public Highways, \$10,469,820; Health, \$136,592; Labor, \$1,043,300; Treasury, \$20,647,-

488; Provincial Secretary's Department, \$1,886,545; Agriculture, \$545,929; Interest, \$10,383,630; Stationery Account, \$32,917. Total, \$56,306,224, which represented an increase over 1926 of \$5,465,181.

Ordinary expenditures for the year were:

Lieutenant-Governor, \$5,450; Prime Minister, \$255,522; Legislation, \$366,049; Attorney-General, \$2,479,318; Insurance, \$52,288; Education, \$9,514,789; Lands and Forests, \$1,762,232; Northern Development, \$1,823,218; Mines, \$334,972; Game and Fisheries, \$434,752; Public Works, \$822,120; Public Highways, \$4,196,709; Health, \$682,081; Labor, \$2,455,964; Provincial Treasurer, \$1,882,820; Provincial Auditor, \$103,024; Provincial Secretary, \$6,547,781; Agriculture, \$2,339,409; Miscellaneous, \$339,511; Interest on Public Debt, \$17,675,410; Debt Retirement, \$1,689,570; Discount on Loans, \$183,312; Total, \$55,947,001, which represented an increase over 1926 of \$4,293,817. "It will thus be seen," said the Treasurer, amidst applause from the Government benches, "that there is a surplus of revenue over expenditure of \$359,223.

First Surplus for Years.

"This represents the first surplus this Province has enjoyed in many years, and, in fact, the first real surplus in ten years, or, in other words, we might say that it is the first fiscal year that the Province has been able to pay its way and balance its Budget with a surplus since the war.

"To transform a deficit of \$15,000,000 to a surplus of more than one-quarter of a million in four years' operation is a real financial accomplishment. It has been a very arduous task, but intensive collection of revenue, coupled with the retrenchment entered upon at that time, has gradually lifted the Province from a condition of financial collapse to an enviable financial status.

"Since the present Government assumed office, revenues have increased year by year as follows: 1923—\$34,110,212. 1924—\$40,540,923. 1925—\$46,602,803. 1926—\$50,841,043. 1927—\$56,306,224.

"Expenditures, owing to the expansion of public services and grants," said the Treasurer, "have likewise increased, the increase in 1927 over 1926 being more than \$4,000,000. Outstanding increases were: Election expenses, \$530,000; educational grants, \$325,000; Northern development, \$160,000; highways maintenance, \$850,000; public institutions, \$540,000; debt retirement, \$1,475,000.

"The interest charges, which are always fixed," said Dr. Monteith, "represented practically one-third of the annual outlay. Leaving interest out of the picture, there was in 1925 a surplus of \$2,193,000; in 1926, a surplus of \$6,727,000, and in 1927, a surplus of \$9,524,000. These figures will fully demonstrate the sane policy pursued in the field of ordinary operation throughout the entire regime.

"It is not particularly the object of a Government to present a huge surplus. All moneys coming into the Treasury should be dispensed for the public benefit, but always keeping in mind sound financial procedure, and living within one's income. Healthy financing should always show a surplus, but not necessarily a particularly large one. It will be seen, therefore, that the Province has entered a new era, and that the years of deficits have been overtaken."

Speaking of "tax reduction in recent years," Dr. Monteith said the object of the Ferguson Government had been year by year "to regulate its operations so that it would maintain a policy of tax reduction." Faithful adherence to this policy, said Dr. Monteith, had permitted the Government to "lighten the burden of taxation" through the appended mediums:

Poolrooms, \$100,000; luxury tax, \$157,000; amusement tax, \$500,000; automobiles, \$2,000,000; race-tracks, \$350,000. Total, \$3,107,000.

"Or, Mr. Speaker," the Treasurer pointed out, "one might reasonably say that during the regime of this Government, due to decreased capital expenditure which to date represents a saving of \$5,560,000 in interest charges, and to the tax reductions already mentioned, there has been direct and indirect relief to the taxpayer of this Province amounting to over \$9,000,000."

"Relief of Taxes."

As "relief of taxes in 1927," he supplied the following table:

Direct:

Automobile	\$2,000,000
Luxury	57,000
Race-tracks	350,000
Total	\$2,407,000

Indirect:

Relief by way of reduced interest charges on account of securing cheaper money on long and short-term loans	\$ 339,000
Interest on reduced Capital Expenditure ..	2,300,000
Total	\$5,046,000

Launching at this juncture into fields untouched heretofore in Budget speeches, Dr. Monteith stressed the \$104,000 expenditure made by the Government last year on advertising attractions, etc., to encourage the tourist traffic in Ontario.

During 1927, he added, tourists left in Ontario a sum estimated as approximately \$80,000,000.

Ontario Savings Office.

On the matter of "Ontario Savings Offices," which has been made the object of considerable Opposition interrogation to date this session, Dr. Monteith said:

"As you all know, we have fifteen offices in operation in various parts of the Province, having deposits with the Treasury of \$18,395,080. This, with cash on hand and in the bank, fixtures, accounts receivable and so forth, makes the total amount \$18,977,783, and the liabilities comprised entirely of amounts due depositors equals \$18,831,869, or an excess of assets over liabilities of \$145,914. That is to say that the savings offices today show a surplus in their balance sheet of \$145,914. This is an increase of surplus over 1926. Essential facts pertaining to the fiscal year 1927 are: Deposits increased over \$450,000, over 12,900 new accounts were opened during the year, an average of 1,000 per month. The total volume of business handled during the year was in excess of \$46,000,000.

"The total cost of operation of these banks for the year was \$190,620, and is paid out of a spread of 1 per cent. in interest, that is to say, they pay 3 per cent. on their deposits and lend to the Government at 4 per cent. On this 1 per cent. the savings banks have been able to finance themselves, and besides have built up a reserve fund of \$145,914. One outstanding feature of the operations of the banks in 1927 is that there was an increase in deposits of \$450,000. When the interest was reduced from 4 per cent. to 3 per cent. there was a very substantial falling off of deposits as one might expect. However, the deposits in the fiscal year 1927 have shown an increase rather than the annual decrease that preceded it since the lowering of the interest rates."

Rural Credits.

Under the head of "Rural Credits," Dr. Monteith said the Agricultural Development Board last year had a surplus of \$80,113, which made their accumulated total surplus to the end of the fiscal year, \$193,289. Total of farm loans negotiated through the board was \$15,531,360. Farmers' borrowings under the board's arrangements with the savings banks amounted to \$3,340,000.