

March 5th

ment's administration—1923 to 1929—was read to the Legislature by Dr. Monteith:

1925.	
Billiard rooms and bowling alleys	\$ 100,000.00
1926.	
Billiard rooms and bowling alleys	105,000.00
Busses	1,300.00
1927.	
Billiard rooms and bowling alleys	110,000.00
Busses	2,100.00
Luxury tax	150,000.00
Motor vehicle licenses....	1,934,500.00
1928.	
Billiard rooms and bowling alleys	115,000.00
Busses	2,500.00
Luxury tax	150,000.00
Motor vehicles licenses ...	2,147,100.00
Amusements tax	500,000.00
Corporations tax	350,000.00
1929.	
Billiard rooms and bowling alleys	120,000.00
Busses	3,100.00
Luxury tax	475,000.00
Motor vehicles licenses...	2,367,125.00
Amusements tax	500,000.00
Corporations tax	350,000.00

Total, 1925 to 1929..... \$9,482,725.00

"Logical and Fair."

"Attention of the House is drawn to the fact," said the Treasurer, "that, had no such changes been made, the Province would have collected \$9,000,000 more from the public during the six years of this Administration's term in office. It might be mentioned also that during the regime of the present Government there were some new imposts made; for instance, the luxury tax was put on in 1925, but removed in 1927 and 1928. Another tax initiated by this Government was the 1925 gasoline tax of 3 cents a gallon. This was increased by 2 cents in 1929. Thus we have at the present time practically only the one new source of revenue introduced since this Government took office. People generally accept this tax as a logical and fair one, believing that the people who use the roads should pay for them. To equalize the levy on motorists, and as an offset to the increased gasoline tax, motor vehicle permits were again reduced this year, which means a further saving to the motorists of \$2,100,000, which, with the previous reduction, is an annual saving of about \$4,500,000. Five cents a gallon tax for gasoline may be considered by some as excessive. However, it may be mentioned that five of the nine Provinces at the present time have a 5-cent tax. This contributes \$8,500,000 to the very substantial highways revenue in 1929 of \$17,000,000. It may be noted here that this amount, together with a few millions more, has gone back by way of expenditure on the roads of our Province."

The Treasurer's statement regarding capital revenue and expenditure for the year is appended (cents omitted):

Department.	Revenue.	Expend.
Prime Minister		\$ 1,070,533
Education		153,082
Lands and Forests..\$	1,330,324	1,225,765
North. Developm't..	30,421	3,518,827
Mines	76,512	5,376
Game and Fisheries	417	84,279
Public Works	8,412	1,193,717
Public Highways ...	1,900,332	14,642,237
Provincial Secretary		2,681
Miscellaneous		35,272
	\$3,346,420	\$21,931,773
Capital expenditure		\$21,931,773
Capital revenue	3,346,420	
		\$18,585,353

Public Debt.

The Province's debt at the end of the fiscal year stood at \$425,000,000. The nature of "the investments that account for this debt" was detailed to the House by Dr. Monteith in the following language:

"There are advances to the Hydro-Electric Power Commission of \$163,000,000 for power development. One need not enlarge on what this service means to the public of Ontario. Light and power at cost has created a demand for this service all over the Province. It may be accepted, I am sure, that this investment has the approval of the people. The service continues rapidly to increase, and the Commission is taxed to the utmost to meet the demands for expansion. This portion of the debt costs the Province nothing to carry. We paid \$8,200,000 of interest in 1929 to carry this obligation, but this was repaid in full by the Hydro-Electric Power Commission.

"Another very important asset is the Timiskaming & Northern Ontario Railway, standing at \$30,000,000, with which most people are familiar. It encourages settlement, colonization and development in the North country. During the last three years the railway has paid \$3,700,000 to the Province, which has about taken care of the overhead interest charges. Housing and drainage debentures amount to \$8,000,000, which are interest bearing, and are being repaid by the municipalities. These represent a service to the rural and urban citizens along justifiable lines. Then we have cash in banks, accounts receivable and investments by the Agricultural Development Board, amounting to \$36,000,000. That accounts for \$237,000,000 of the debt which is revenue bearing by way of interest, and does not cost the Province one dollar to carry. These are simply investments that cannot be questioned. They render a needed service to the people and encourage industrial expansion. Deducting these, we have a balance of \$188,000,000 of debt from which we do not get a direct revenue by way of interest, but nevertheless is

revenue bearing. Our highways and roads, figuring at actual cost, amount to \$128,000,000. In 1929 our highways brought in a revenue of \$17,000,000; so it is very plain to the observer that this investment for development is a needed service and could be more than justified. That leaves us \$60,000,000 of debt not yet accounted for. Deduct from this amount the value of our Niagara Falls Park development, \$2,000,000, and we will have left \$58,000,000. Then we have the \$40,000,000 invested in public buildings, including public institutions to care for the mentally sick of the Province. With other assets totalling \$3,000,000, we are left with a balance of \$15,000,000 of capital obligations against which we have no assets. This \$15,000,000 is really capital deficits which began during the regime of the Drury Government, but which are being gradually reduced.

Gross Debt.

"Last year the amount of our debt against which we had no assets was \$20,000,000. In one year the improvement has been over \$5,000,000, accounted for by the surplus, debt-retirement quota and payment of discounts out of ordinary revenue. Continuing along the same lines of financing, a few more years will wipe out the capital deficits. This analysis will account for our gross debt of \$425,000,000. The gross debt increase for 1929 was \$32,000,000, explained as follows:

Highways	\$12,750,000
Hydro	12,000,000
Northern development ..	3,500,000
Agricultural Development Board	4,500,000
Rural bonus, Hydro	1,000,000
Public works	1,200,000
Cash in bank	1,600,000
Total	\$36,550,000

"Deducting from this the surplus of over \$2,650,000, debt quota \$1,750,000, and discounts \$500,000, will show the gross debt increase in 1929 to be \$32,000,000.

"To one who may investigate, it will be realized that the \$32,000,000 is quite in keeping with the normal expansion of a development rendering the people the many services that they enjoy today, and all of which bring to the Province revenues sufficient to meet the carrying interest charges, together with paying off a portion of the debt every year."

A lengthy review of the Province's debt-retirement plan was followed by the Treasurer's presentation to the House of the following table of the amounts provided from revenues of the Province and the Hydro for retirement purposes since the plan was placed in operation in 1927:

1927: Provincial revenue, \$1,689,570; Hydro sinking funds, \$1,338,567; total, \$3,028,137.

1928: Provincial revenue, \$1,754,051; Hydro sinking funds, \$1,417,529; total, \$3,171,580.

1929: Provincial revenue, \$1,973,646; Hydro sinking funds, \$1,499,510; total, \$3,473,156.

To date: Provincial revenue, \$5,417,267; Hydro sinking funds, \$4,255,606; total, \$9,672,873.

"In addition to the total of \$9,672,873 provided and retired since 1927," Dr. Monteith added, "\$10,889,100 of debt was cancelled, representing the accumulation of funds prior to 1927, of which \$6,077,100 was held by the Province and \$4,812,000 by the Hydro. This makes a total retirement of debt under the retirement plan of over \$20,500,000."

Speaking of the "success" the Government has had in its funding and refunding operations, the Treasurer cited its \$30,000,000 loan issue, just after the market crash in October. "Money was fickle and nervous for two or three weeks after the crash," said the Treasurer, "and then steadied away for a favorable reception of bond issues. The Government, therefore, went into the market with a \$30,000,000 31-year 5 per cent. issue, securing the most attractive price of any Government or municipality during the twelve months preceding, receiving for our issue 100.80, exceeding par, which means we realized a premium of \$240,000 on the issue. This money cost us 4.95 per cent. This very favorable price more than justified our short-term financing over a period of many months, although we had to pay a little higher price for our borrowings in the period of waiting for an improvement in the market."

Loans Are Numerous.

Operations of Government Commissions for the last fiscal year, as revealed by Dr. Monteith, indicate that demands for service in the line of agricultural development loans have increased so rapidly that the loans have overtaken the Savings offices deposits; that net allowances to mothers contributed by the Province over a nine-year period have amounted to \$8,824,000; that 87,103 accidents, with a resultant compensation award of \$6,626,000, were reported during the year under the Workmen's Compensation Board; and that 833 superannuated teachers received a total of \$379,000 in benefits from the Teachers and Inspectors' Superannuation Fund, which was established in this Province in 1917.

"The moneys expended for mothers' allowances are contributed by the Government and the municipalities on an equal basis, except in unorganized districts, where the Government bears the whole cost," said the Treasurer. "The total amount disbursed to mothers during the fiscal year 1929 was \$2,306,000. There were 5,357 mothers and 15,984 children who derived comfort and benefit from this source. Operating costs were \$77,894. Net allowances contributed by the Province over a period of nine years have been \$8,824,000.

"The activities of the Workmen's Compensation Board during the past year are briefly summarized as follows: Number of accidents reported, 87,103; compensation awarded, \$6,626,000; medical aid, \$1,385,000; total benefits supplied, over \$8,000,000; payments for furtherance of safety work, \$127,000; pensions awarded, \$2,100,000."