

March 7th

all taxes due by race tracks have been paid, and, if not, the names and amount of arrears. Are there any other corporation taxes outstanding as of Oct.

31, 1929? Is all the gas tax paid?

Hon. Dr. Monteith made no reply.

Expenditure Criticized.

"In the expenditures of the Department of Education," Mr. Tweed continued, "we find a very interesting item—Southam Press, \$20,227.75. As the first and second volumes of 'Great Men of Canada' were printed by the Southam Press, I assume this item covers the cost of the first volume of this book. The second volume was issued in September, 1929, and we will, no doubt, find a similar item in the Public Accounts for 1930, making a total of over \$40,000 of public money spent upon books which are probably never used, although they may be found useful in supplying inspiration for the Young Conservative Clubs which are being organized in various parts of the country.

"The preface of the first book, which was written by the Hon. Minister of Education, indicates that the second volume was not contemplated.

"Another item of expenditure that calls for attention is found under the heading of Litigation: *Tiny Township v. the King*. Tilley, Johnson, Thompson & Farmenter, \$37,000; Young & McEvoy, \$13,500. Total, \$50,500. This seems like a very generous legal fee.

"The Province," he then declared, "shows \$7,511,000 received from the Liquor Control Board as profits, fines, licenses, etc., and confiscated stock, besides \$985,000 in permit fees reported through the Provincial Treasurer's Department.

"In the past year the total business of the board reached \$56,487,515, according to the statement of the Attorney-General on Feb. 21. The profit, therefore, represents just 13 per cent. of the sales. The detailed and audited report of the board for 1928 showed that the board had a gross profit of 20.14 per cent. of sales, and after expenses and other adjustments, a net profit of 15.98 per cent. on sales. For 1927 the net profit came to 16 per cent.

"Liquor is evidently costing the board 80 per cent. of what it is sold for.

Compared With Quebec.

"For comparison, the Quebec Liquor Commission for the year ended April, 1929, reported sales of \$27,007,431, and cost of sales \$17,329,244, or 64 per cent. of sales. When expenses, etc., are accounted for, the Quebec Commission showed a balance of \$9,688,268, and \$8,000,000 was paid over to the Province. This is more than Ontario gets from double the business.

"British Columbia obtained \$4,541,225, or about 25 per cent. of its sales.

"From the prices at which liquors are sold it does not appear that Ontario is passing anything along for the benefit of the consumer. There is a considerable difference in prices for individual liquors, but those of Ontario do not appear to be generally lower.

"If Quebec, therefore, makes about 30 per cent. on its business, should not Ontario realize, at the same rate, about \$16,000,000. Is the difference of about \$8,000,000 wasted in inefficient buying?"

Referring to the gasoline tax, Mr. Tweed attacked the Government on the grounds that it collected the revenue for general purposes and not specifically for road building.

T. & N.O. Affairs.

Mr. Tweed attacked the Government in regard to its handling of the T. & N.O. Railway. He felt that the Government is "milking" the railway, and taking away in interest of funds advanced to bolster up its own finances. He declared the railway should be given a chance to get ahead financially.

He declared in this regard a sum of \$1,100,000 drawn from the Timiskaming & Northern Ontario during the past year, as interest on funds advanced, was more than the net earnings of the Commission for the year. The Commission's report just issued shows net profit of \$1,027,850. Against this the

Government drew \$1,100,000 from the Commission, which, with minor adjustments, brought the balance in profit and loss account down from \$298,476 to \$221,464.

"In doing so, the Government continues to milk the T. & N.O., which has been its policy for the past five years. This is no doubt the outcome of its efforts to show a surplus which does not exist.

Homuth Replies.

Mr. Homuth, in his speech, read from a newspaper clipping crediting Mr. Tweed with saying that the only protection that the investing public had under the Ferguson Government was through tax inspectors, and that the last tax inspector that had visited Waterloo had been an ex-hotelkeeper and beer vendor and had to be shown how to do his work.

"All true," interjected Mr. Tweed, as Mr. Homuth read. Mr. Homuth then produced and read an affidavit made by Albert Hergott, the tax collector in question, to the effect that he, in June, 1926, visited the offices of the Ontario Equitable Life and Accident Insurance Company, and that Mr. Tweed introduced him to a woman subordinate who looked after the stock transfer books. The affidavit says she apologized for "there having been neglect in paying the transfer tax in respect to certain stock transfers." The affidavit says he required no assistance and received none, and at the end of his inspection he called on the woman subordinate in order that she might check over the shortage. This she did and forthwith paid the deficiency "which I found was owing," the affidavit set forth.

Wants Document Tabled.

Mr. Sinclair indignantly asked if Mr. Homuth was prepared to table the document.

"Certainly not," said Mr. Homuth, "but you can see it if you like."

Mr. Sinclair protested. "Surely," he said, "the honorable gentleman realizes that there is nothing before the House when he refuses to table that document."

"I read the affidavit. My word is before the House," said Mr. Homuth.

Mr. Tweed, on a question from the Speaker as to whether Hergott had known nothing about his business, said that the records at the Provincial Treasury would show that his company had paid out some \$400 more in transfer tax than it had needed to.

Mr. Homuth—You are not answering my question. You make the statement that the collector knew nothing about his business. Did he?

Mr. Tweed—He had to be shown how to do it.

Mr. Homuth—May I ask my honorable friend if he had actual knowledge that the girl had to show him?

Mr. Tweed—As President of a life insurance company of considerable size, I don't keep the books.

"Carefully Examined."

Continuing, Mr. Homuth stated that he had to bring a matter before the House which he had "hesitated" to broach. But he felt that it was his duty to refer to it, and that it should be carefully examined.

Next, he observed that, up to May, 1928, the powers of the Dominion covering incorporated insurance companies were extensive. These powers were very broad and allowed the companies to invest in bonds and stocks. Ontario companies could not do that, and so the Ontario concerns appealed for such rights. The Ontario companies were confined exclusively to trustee bonds.

Then the Government expressed its willingness to give such powers because the records of such powers in the Dominion field showed that there had been no abuse of the measure.

And the assumption was, Mr. Homuth stated, that, with the amendment, the Ontario companies would carry on like the Dominion ones, and not abuse the system.

"Now, Mr. Speaker," Mr. Homuth continued, "we have one Dominion company that did purchase very largely

preferred and common stock, but the records show that it was purchased for investment purposes. The records show that it was held so that the dividends on the stock were a continual source of earnings. I again refer to the sacredness of the funds. Insurance funds do not belong to wealthy individuals or corporations. They belong mostly to working men and working women of this country. There is a sacredness in these trust funds," he declared.

Mr. Homuth then turned to a list of bonds and debentures purchased by the various insurance companies as shown in the report of the Superintendent of Insurance in 1928.

"Then," said he, "on page 417 we see a list of stocks and bonds purchased as a result of the legislation of 1928. If we look over this carefully we find five companies that purchased stocks and bonds. Three purchased less than \$25,000 worth; one a Quebec company, a little more. The other, the Ontario Equitable, of which our honorable friend from North Waterloo (Mr. Tweed) is President and General Manager, purchased \$717,000 worth."

Mr. Sinclair interrupted with: "I ask the honorable member a question: Does he say the purchases are illegal?"

"I said that we passed the bill in 1923," continued Mr. Homuth, "under the assumption that the bill would not be used as it has been used."

Libel Is Alleged.

Mr. Sinclair—Mr. Speaker, the honorable member is taking advantage of his position to make a libel against one of the outstanding commercial enterprises in the Province. Although the manager may be a member of the House, he should not introduce matters of this kind into debate.

Mr. Homuth—I am simply showing that the attacks on the Attorney-General prove more far-reaching than simple politics or the love of the people of the Province. (Applause.)

Alleges Purchases Total \$717,000.

"The Ontario Equitable Company," continued Mr. Homuth, "bought \$717,000 worth of stocks and bonds in 1928. Not only did they buy that amount, but before the law was in force they purchased \$393,000. It was a rising market, a chance to make big profits, a chance of making a lot of money. So that before the act was in force and given consent, they had purchased \$393,000 of stocks and bonds. Was that purchase illegal? Yes."

Mr. Sinclair—Mr. Speaker, might I ask how strong the condemnation of the Attorney-General is of the insurance report as compared with the condemnation against him?

"The question of the stocks that were purchased," went on Mr. Homuth, "is not libel against the insurance company or a gentleman connected with it. But they took advantage of the law in such a way that other companies did not, and I say they were sacred funds. If insurance companies are going to do those things, then we as a Government will have to see it curbed."

Mr. Sinclair—What does the Attorney-General say as to the insurance report?

Mr. Homuth—Oh, don't get nervous. Mr. Sinclair—If the Attorney-General doesn't answer, I can't make him.

"What were these investments?" continued Mr. Homuth. "They were in oil stocks, copper stocks, in railway stocks, bank stocks. Or were they investments? That is the question the people should know, and see whether people are taking advantage of the law."

Question to Attorney-General.

Mr. Sinclair—Let us know right now if the Attorney-General passed censure upon the Ontario Equitable Life Company as a result of those purchases.

Mr. Homuth—Wait until I read some of these purchases.

"I mention these," continued Mr. Homuth. "Were they made for investment purposes?"