

"The ordinary expenditure for the year, exclusive of debt charges, was \$43,385,132, as compared with the similar expenditure for the year 1930 of \$43,085,018, or an increase for the year of \$300,114.

"The charges on account of Provincial debt were \$11,461,862 last year, as compared with \$9,796,062 in the previous year, a total expenditure in 1931 of \$54,846,994, as compared with \$52,881,080 in 1930, and an excess of ordinary expenditure over ordinary revenue of \$456,902.

"No provision has been made in the year just closed for debt retirement on Provincial account, although debt retirement in full on account of moneys advanced by the Hydro-Electric Power Commission has been provided for.

**Increases.**

"As compared with last year, the principal increases in ordinary revenue are as follows:

"Liquor Control Board, \$2,515,000. The amount received by the Government from this source was \$10,000,000, in accordance with the estimated revenue in the Budget statement of last year. The profits of the board for the year, however, were \$1,509,348.57 less than this figure, and the estimated revenue was paid in full to the Government by drawing on the surplus profits in the hands of the board, which amounted at \$4,585,264.47 as of Nov. 1, 1930. There is still a surplus of profits in the board's hands of \$3,076,917.90 as of Nov. 1, 1931, and any statement that the Government had robbed the Liquor Board in order that the full estimated receipts from that source should be available is entirely erroneous.

"The revenue from Lands and Forests shows an increase of \$1,046,000, partly due to the fact that in the previous year, owing to the prevailing conditions in the lumber market, an extension of time was given to timber licensees for the payment of Government dues.

"Gasoline tax shows an increase of \$193,000; motor vehicles, \$63,000, and the corporations tax an increase of \$1,250,000, entirely accountable for by reason of the Corporations Tax Act passed last session, which extended the

application of the corporations tax to all incorporated companies doing business in the Province.

**Decreases Noted.**

"Decreases in revenue occurred in law enforcement in the amount of \$330,000. This decrease is due to the falling off in the amount of fines imposed as compared with the previous year. The decrease of \$222,000 in the Mines Branch is largely accounted for by a loss in royalties for sand and gravel, which decrease is due to the lessened demand because of the cessation of building operations and public works during the past year.

"Game and Fisheries revenue shows a decrease of \$60,000, partly due to the decrease in revenue from royalties and licenses, consequent upon the depression in the price of furs, and also to the falling off in the sale of non-resident hunting and angling licenses.

"Succession duty revenue is less by \$1,725,000, the value of practically all estates being adversely affected by the drop in stock market prices.

"The decrease of \$194,000 in the amusements tax, and stock transfer tax decrease of \$120,000 are accounted for largely by the prevailing depression.

"As regards expenditure, the interest on the public debt increased by \$1,666,000. In educational grants, etc., \$466,000—due to a more generous scheme of grants to elementary schools there was an increase of \$170,497. During the past year the Government assumed the entire cost of county school inspections, relieving the counties of a burden in that respect amounting to \$165,722. Grants to universities were \$109,379 more than the previous year, and the grant to secondary schools, due to an increase in the number of these schools, and grants to the maintenance and capital accounts of vocational schools, call for an increase of \$73,173.

"Game and Fisheries show an increased expenditure of \$66,000, largely accounted for by an increase of \$23,000 for the better enforcement of the act, and an increase of \$29,000 in the Biological and Fish Culture Branch.

"Public health services and public institutions called for an increased expenditure of \$191,000. The institutional population of the Province increased by approximately 300 during the year 1931.

**Old-Age Pensions.**

"Old-age pensions and mothers' allowances show an increase of \$238,000. The Government contribution to the Teachers' and Inspectors' Superannuation Fund, which is a statutory expenditure, called for an increase of \$83,000, and a similar increase to the Public Service Superannuation Fund in the amount of \$117,000.

"Grants in aid of agriculture were increased by \$190,000.

"Decreases of expenditure occurred in the Attorney-General's Department in the amount of \$321,000, accounted for largely by the fact that the expenses of the last general election were paid for in the financial year of 1930.

"The Mines Department shows a decrease in expenditure of \$106,000; the Public Works Department a decrease of \$117,000; and Public Highways, \$697,000. This decrease being due to the program of economy and retrenchment which we have endeavored to maintain as rigidly as possible throughout the whole year.

"In administering the affairs of the people of the Province every possible economy has been effected. Salaries and grants have been reduced, services have been curtailed, and in some instances almost skeletonized (if I may use the word). We have endeavored to see that not one dollar more than would cover actual necessities has been expended in the carrying on of any department of the Government.

**Commission by Commission.**

Commission by Commission, Mr. Dunlop reviewed the activities, administration and finances of the "outside" branches of Government service during 1931. His story of these Commissions follows:

"The Liquor Control Board of Ontario was set up, as its name indicates, for the purpose of controlling the sale of alcoholic beverages within the Province, and not primarily for profit, although it has, in the four years of its existence, financially benefited the Ontario taxpayer to the extent of \$43,182,780.79, and large as this sum is, it represents but two-thirds of the financial benefit which accrued to the Dominion taxpayer as a result of its operations—payments by the board to the Dominion in the four years to Oct. 31, 1931, being in excess of \$66,500,000, or a payment to both Governments in four years of, in round figures, \$110,000,000.

"As I have stated, the first consideration of the board is 'control,' but because of increased prices, due to increased taxation and to increase in the price of spirituous liquors which was indicated in the Budget statement of last year, the sales of the Liquor Board in dollars do not truly indicate the decrease in the quantity of spirituous liquors handled. These quantities show the very gratifying decrease of more than 25 per cent. for the year ending Oct. 31 last as compared with two years ago. The sales of domestic spirits for the year ending Oct. 31, 1929, being 4,669,162 bottles, while for the similar period ending Oct. 31, 1931, the sales were 3,960,516 bottles. The sales of imported spirits for the year ending Oct. 31, 1929, were 6,009,982 bottles, as compared with 3,927,318 bottles last year, or a total decrease in the amount of spirituous liquors sold in these two years' periods of 2,791,310 bottles, or 26.14 per cent.

**Smuggling of Liquor.**

"The smuggling of spurious liquor into Ontario from the prohibited areas of the United States, at the first impression, appears well-nigh incredible. The reports, however, of Commissions and inquiries, governmentally constituted in the United States, establish without doubt that spurious liquor and alcohol are largely trafficked in that country. Further, spurious liquors can be manufactured very cheaply. The usual base is alcohol, sometimes pure, sometimes poisonous; the added water, coloring matter and flavoring cost but little; 65 per cent. over-proof alcohol can be readily produced for 45 cents a gallon, but the Dominion excise tax alone amounts to \$14.85 a gallon. American alcohol pays no taxes, and has been sold in Ontario as low as \$3 a gallon.

"The financial position of the Commission as of Oct. 31 last is as follows:

Land and buildings .....	\$ 190,165.50
Cash on hand and in banks .....	2,444,955.39
Accounts receivable, made up of:	
Hospital sales, 5 per cent.; commission on direct brewing and brewery warehouse sales; duty recoverable items due us from Customs Department, freight claims, fines, etc. ....	45,129.85
Inventories of liquors and supplies .....	2,434,731.69
Prepaid insurance, etc. ..	31,260.00
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	\$5,146,242.43

"The liabilities are shown as \$2,069,324.53. This amount is composed of the following items:

For liquors and supplies, miscellaneous charges accrued, etc. ....	\$2,061,282.76
Due Provincial Treasurer (for permit sales and confiscated stock) .....	8,041.77

"It will be observed that the surplus is now \$3,076,917.90.

**T. & N.O. Profit.**

"The Timiskaming & Northern Ontario Railway made a net profit of \$935,797.10 on the year's operation, and returned to the Provincial Treasury \$850,000, while Ontario's northern frontier has been pushed back 185 miles by the completion of the main

line extension north of Cochrane and Moosonee at James Bay, and an ocean outlet for the Province is assured for coastal shipping and the development of the natural resources adjacent to the 2,000-mile shore line of the navigable waters of James Bay.

"The northern part of Ontario holds enormous possibilities of advancement and enrichment in the near future consequent upon the opening up of the new territory now served by this line—territory which is possessed of many natural resources in lignite, gypsum, china clay, high-grade iron deposits, etc. It is possible that very valuable fishing grounds may be found in the waters of James and Hudson Bays, for which an outlet to the market will be provided by the extension completed this year.

"The total mileage owned by the road is now 560.53 miles, in addition to which there are 21.99 miles of private sidings which are operated by the company, a total mileage of 582.52 owned and operated.

"The total revenue of the road for the financial year ending Oct. 31, 1931, was \$4,936,185.41, as compared with \$4,959,841.54 for the similar period in the preceding year. The expenditures, including interest on bonds of \$6,000,000 outstanding against this property, were \$4,000,388.31, as compared with expenditures in the preceding year of \$4,009,852.39, leaving the net earnings \$935,797.10, as compared with \$949,989.15 the previous year.

"Considering the general business depression through which we are passing, the result of the year's operation is exceedingly satisfactory.

**Compensation Board.**

"The Workmen's Compensation Board of the Province continues to function in a fair and impartial manner, and to the general satisfaction of both employer and employee.

"The board, during the year 1931, dealt with 52,894 accidents, and awarded benefits in the amount of \$6,021,392.10. It is very gratifying to note that death cases paid for were reduced from 427 in 1930 to 266 in 1931. This substantial and gratifying decrease partially, but not entirely, is owing to the industry depression and the fewer number of workmen employed.

"In addition to the accidents reported in the year the board pays monthly about 7,200 pensioners for pensions awarded in 1931 and previous years. From the commencement of the act to the end of 1931, 928,571 accidents were reported, and benefits amounting to \$91,924,617.85 have been awarded. If an average rate of assessment had been imposed on all the employers in Schedule 1, it would have required \$1.22 per \$100 of pay-roll for the year 1931, and since the commencement of the act an average rate of \$1.18 per \$100. Schedule 1 is the schedule embracing industry in general.