

Sinking Fund invested at the of the year to cover annuities, on claims in Schedule 1 was \$24,317,709.33, earning an average rate of interest of 5.22 per cent. Schedule 2 funds invested amount to \$3,453,005.45, and had an average interest earning of \$5.81 per cent. for the year 1931.

Hydro Affairs.

"The steady growth of the operations of the Hydro-Electric Power Commission during the past ten years is shown by the following statistics: In 1922 the peak load carried was 605,000 horsepower. In 1930 the peak load was 1,425,991 horsepower, and in 1931 this peak load rose to 1,520,989 horsepower. The figure for 1930 has been corrected so as to include the Dominion Power and Transmission Company's plants.

"These peaks given are the direct consumption of the plant peaks during the year, with no allowances for diversity in time. Of the total peak load carried in 1931 the generating plant of the Commission supplied 1,154,579 horsepower. In addition the Commission utilized purchased power to the extent of 366,410 horsepower.

"The number of customers served in 1922 was 364,988. In 1931 it was approximately 615,000. In 1922 the Commission operated 4,040 miles of transmission lines, including rural lines. In 1931 it operated over 15,000 miles. The reserves of the Provincial Hydro System in 1922 were \$8,562,840; in 1931 they amounted to \$62,600,000. The various municipal systems had reserves in 1922 of \$18,387,000 and in 1931 these municipal reserves were \$53,400,000.

"The growth of the rural service is indicated by the fact that in 1922 there were 441 miles of rural line. This mileage had increased to 8,196 miles in 1931; 2,226 rural customers were served in 1922, and approximately 56,000 in the year just past.

"The capital investment on the Provincial Hydro System increased from \$163,964,840 in 1922 to \$265,000,000 in 1931, and the investment of the municipalities increased from \$53,583,400 in 1922 to \$105,000,000 (estimate) in 1931, a total investment on the part of the municipalities and the Province in this great public ownership enterprise of about \$370,000,000.

"Net advances to the Hydro-Electric Power Commission on the part of the Province as of Oct. 31 last were \$188,377,180.39. These advances are made by the Province to the Commission at the net cost of the money to the Province. The Commission has thus had the advantage of low interest rates on its invested capital. These low interest rates have in turn been reflected in what may safely be said to be the lowest rates for electricity obtainable anywhere in the world for service supplied under similar conditions.

Development Board.

"The facilities offered by the Agricultural Development Board of the Province were availed of by agriculturists during the year in 3,361 new loans, in the amount of \$8,041,838.44, and the amount of the outstanding loans as of Oct. 31, 1931, was \$35,450,646, as compared with outstanding loans at Oct. 31, 1930, in the amount of \$29,442,986.90.

"The Provincial Savings Office is now serving approximately 90,000 individual depositors; 19,394 new deposit accounts were opened during the year, and the year's business shows an increase in deposits of \$3,548,725. The various branches handled a volume of business during the year in excess of \$61,000,000, and total deposits reached a new high level in the amount of \$26,855,844.

"The Savings Office made a profit on the year's operations amounting to \$25,026—more than double the profit of the previous year; \$678,153 was paid to depositors in interest during the year, and the surplus account now stands at \$211,802.

Old-Age Pensions.

"Up to the present time five Provinces in Canada have adopted old-age pensions.

"In Ontario, as of Oct. 31 last, the number of pensioners on the roll was 40,401, and the total amount paid in pensions for the fiscal year was \$8,765,049.23. The Province's proportion of this expenditure was \$2,945,853.26, and the municipalities contributed \$1,511,310.74.

"The percentage of population over 70 years of age, by Provinces, is as follows: Alberta, 1.17 per cent.; British Columbia, 1.84 per cent.;

Manitoba, 1.68 per cent.; Saskatchewan, 1.17 per cent.; Ontario, 3.48 per cent.

"The percentage of those over 70 years of age receiving pension, by Provinces, is as follows: Alberta, 50.67 per cent.; British Columbia, 54.84 per cent.; Manitoba, 58.25 per cent.; Saskatchewan, 66.32 per cent.; Ontario, 34.56 per cent.

"It will be noted from these figures that the percentage of those over

70 years receiving pensions in every other Province is much in excess of the percentage in the Province of Ontario.

"Under the Mothers' Allowances Act, there were 5,997 beneficiaries, and 18,036 children benefiting by the allowances under this act, in a total of \$2,582,251.41, of which amount the municipalities contributed \$1,185,818.20 and the Province the balance. The average of the monthly allowances is \$36.72 and the cost of administration \$3.31.

"At the end of 1931 we had 2,977 miles of King's Highway in the Province, as compared with 2,738 miles at the end of last year. Of this mileage there was 1,055.89 miles of concrete surface, 207.52 of asphalt, 261.36 of bituminous penetration, 325.05 of macadam, 471.18 miles of mixed macadam and retread, and 658 miles of gravel.

Second to None.

"As regards highways, Ontario is now placed in a position second to none. No matter what attractions a country may have, they must be made accessible before tourist traffic can become of any importance. In 1919 only 202,419 tourists' cars entered Ontario from the States. By 1930 this number had increased to the spectacular total of 4,164,603. The amount of money left in Ontario by these tourists was estimated by Dominion Bureau of Statistics to be over \$125,000,000 in 1930. A questionnaire distributed by the Department of Highways to tourists using a 60-day permit indicated that this class of tourists stayed in Ontario for an average of seven days, and that the average number of miles travelled per car in Ontario was 528 miles. The average number of persons per car was 3.2, and the average expenditure per person was \$34.95.

"Other interesting information compiled from these cards would appear to show that 45 per cent. of the tourist traffic originated in the two States having direct access by motor to Southern Ontario, namely New York and Michigan. Adding Ohio, the total is raised to 58 per cent.; including Pennsylvania, it is 68 per cent., and including the State of Illinois it is 76 per cent. Thus it would appear that over three-quarters of motor visitors to Ontario in 1930 came from five States in the Union.

"Twenty-one per cent. of the cards received mentioned the courteous treatment received from Ontario people—police and customs officers in particular; and 29 per cent. commented on the excellence of our roads. Other outstanding remarks were the prosperous appearance of our country and the beautiful scenery our Province had to offer. A great impetus to the Northern flow of tourists will be given by the completion of the trans-Canada highway, the most northern transcontinental road, and one that will equal in scenic beauties any of the older lines of travel.

"In the year 1931 there was expended on all road construction, including the King's Highway, colonization roads and roads in Northern Ontario, the sum of \$28,741,118.45, capital and ordinary. Comparing current expenditure on highways with current revenue for highway purposes for the year 1931, the figures are as follows: Maintenance, \$6,621,440; interest, \$8,253,787; debt retirement based on 20 years, \$4,992,319; total, \$19,867,546.

"The current revenue for the same year was: Motor vehicle and gas tax, \$16,561,088; county and suburban area

repayment, \$399,692; total, \$16,960,780, or 85.3 per cent. of the current expenditure.

"Our King's Highways are maintained to a very high standard as to surface, grades and curves, and in addition to the benefits of a high-class road system for the citizens of Ontario, our investment in highways indirectly is of very substantial benefit through the tourist traffic it creates to the Province as a whole."

Responsibilities resting on the Pro-

vincial Treasurer were repeatedly stressed by Mr. Dunlop.

Eliminating the expenditure on account of direct relief, Mr. Dunlop said the ordinary revenue of the Province for the past year exceeded the ordinary expenditure by upward of a quarter of a million dollars. This result, he went on, was achieved only by the co-operation of every Minister and every departmental official in the closest possible scrutiny of all expenses, in accordance with the rigorous retrenchment policy prevailing through the past year.

Evinces much confidence in the future, Mr. Dunlop stated: "Once the source of our trouble has been definitely determined, the cure will soon be arrived at."

The success of recent loans was stressed also by the Provincial Treasurer, who remarked that a \$30,000,000 4½ per cent. instalment issue, maturing 1932-71, was sold in January on a cost basis of 4.598 per cent.; and that in June of last year a 4 per cent. instalment issue was sold on a basis of 4.409 per cent. This last, he said, was the cheapest long-term money the Province had obtained since before 1914.

Loan Interest.

"While on the subject of loans," he added, "may I say a word with reference to the \$25,000,000 loan which the Province floated in January of the present year. Some criticism has been made as to the rate of interest paid by the Province on this particular loan, and statements have been made, editorially and otherwise, that this loan could have been floated at a lower rate; that the Province established a 6 per cent. rate, and by reason of its action had enhanced the cost of money to municipalities. These statements are all absolutely erroneous, and made without the knowledge and full consideration of the situation.

"As far back as October last," Mr. Dunlop continued, "the Province considered going into the market for \$20,000,000, and arrangements were being made to float an issue immediately after the British elections, provided the results of that election were favorable to the MacDonald Government. It was thought that in this eventuality the bond market

would improve, but at the request of the Premier of Canada, who was anxious that no other major financing should interfere with the National Service Loan, then contemplated, negotiations for our loan were temporarily discontinued. The Government, however, after that time, kept closely in touch with the market, and the rates of interest as finally determined for the Provincial loan, at 5.90 per cent. on the long-term loan and 6 per cent. on the short-term loan, were only arrived at after consultation with representatives of banks, bond houses and men who were well versed in Canadian financial affairs. Financiers, both in Toronto and Montreal, were consulted.

He stated that if he again had to fix the rate of interest on the Provincial issue, knowing as he now does the immediate oversubscription of it, he would not fix the issue price at less than 5.85 per cent., or one-twentieth of 1 per cent. lower than the rate at which it was issued. This issue, he declared, "did much to check the prevailing increase in interest rates, and without doubt cheaper money is available today because of the success of that loan."

Largely because of the success of the \$25,000,000 issue, he went on, the Province was able to renew \$16,000,000 in short-term loans which matured in New York in February. Mr. Dunlop declared that, with possibly one exception, we were the "first foreign Government which had been able to renew a loan in the New York market since England abandoned the gold standard in September last." He was satisfied that this result could not have been achieved had not the \$25,000,000 loan issue been so promptly oversubscribed.

Mr. Dunlop explained that items such as old-age pensions were not shown in the Province's Public Accounts, since 85 per cent. of the expenditure in this regard is contributed by the Federal Government and the municipalities.

The form in which the accounts are now kept is that, Mr. Dunlop explained, in which they were kept from the time of Confederation till the appointment of Provincial Auditor James Clancy in 1905. This form is