

Revenue Considered.

The nicer subject of revenue came next.

"Speaking on the Budget address last year I informed this House of my confidence that we would collect the amount of revenue shown in the detailed statement of estimated ordinary revenue. Last year we estimated that the gross ordinary revenue would amount to \$73,705,246. According to the reports brought to me up to this morning, it appears to me that the total gross revenue for the present fiscal year will amount to \$79,014,075, an increase over the forecast by the handsome amount of \$5,308,829.

"I think, Mr. Speaker, that my report of the revenue paid into the public treasury fully vindicates my prophecy of last year, when I predicted that the Government would collect the amount of revenue shown in the detailed statement of estimated ordinary revenue. Put that down, Mr. Speaker, as a prophecy of the Hepburn Government that has been fulfilled."

The Premier took the natural swing from revenue to expenditures. They had been kept within the estimates and they had been kept below the estimates, he reported—except for relief.

"If this Government is worthy of censure and blame, I say—and I can shout it from the housetops—that we have kept our pledge to keep within the estimated expenditures except in one respect, and that is in regard to relief given to the starving and suffering people."

Gross ordinary expenditures, forecast in last year's estimates at \$73,311,593, will only total, the Premier reported, \$72,147,039, or a reduction of \$1,164,553.

Revenue exceeded ordinary expenditure by \$6,867,035.

"Mr. Speaker and members of this House, with the exception of the Province of Prince Edward Island, in every Province of this Dominion the Provincial Treasurer who can produce a statement like that would claim a surplus on ordinary account of \$6,867,035."

Relief, the bugbear that kept him from making that statement, had cost Ontario "the staggering sum of \$20,363,645.

"Returning again to my figures, I feel it my duty to report to this House and to the people of this Province, not that I have a surplus of \$6,867,035.96, but to give the people an honest statement and say that our expenditures for ordinary account, added to the expenditure for unemployment direct relief and the administration thereof, exceeded the gross ordinary revenue by the sum of \$13,496,609.07."

The Premier's tax announcements included the definite statement that corporations' tax would not be increased; that the succession duties had surpassed all previous annual figures in eleven months; that the Government was buying in succession-duty-free bonds which had been brought in as many as five times for tax exemptions, and that when the owners of succession-duty-free bonds died the bonds were not going to be passed on again, but purchased by the Government.

Economic Conditions.

Reviewing the business and economic changes, Mr. Hepburn said that farmers had cause to feel more optimism, with all crops except fall wheat reaching or exceeding the normal yield, with the price of cattle rising, and the United States export market widening.

Building operations he also described as substantially increased in many centres, notably Toronto. Regarding labor, he said, Toronto unemployment decreased between 15 and 20 per cent, from 1934 figures.

High prices prevailed in the lumber industry, and he observed a definite upward trend in manufacturing. The textile, metal-working and boot and shoe fields he singled out for note in this respect.

In the retail trade the Premier found great benefit reflected from better employment conditions with increased turnover in most cases. The tourist trade was a big factor. Increases in turnover of from 10 to 20 per cent, were notable in the wholesale field, although prices were still low, and profits comparatively small.

Reviews Departments.

The Prime Minister then submitted a review of departmental activities, beginning with the Department of Agriculture.

"Last year," he said, "I discussed the work accomplished by the Milk Control Board, and am pleased to be able to state that the work during the twelve months since that time has increased in its usefulness, and the improvement of prices for whole milk, and particularly the maintaining of prices during the summer months, has had an effect on all milk prices. The Cheese Producers' Association has completed its organization, the Creamery Producers' Association is organizing at the present time, and the Milk Producers for Manufactured Milk have got their organization under way.

"During the past year seed-cleaning plants have been established, and the organization for the destruction of weeds has been improved, all of which will make for better crops. Several cold storage plants have been erected.

"In the Department of the Attorney-General the amalgamations and reorganizations spoken about in last year's Budget Address have been carried out with additional savings to the Province and the municipalities, and the anticipated saving of \$100,000, which was mentioned as the goal with respect to the amalgamation of the offices of Local Registrar of the Supreme Court, Clerk of the County of the Registrar of the Surrogate Court and Sheriff, have been realized. The distribution of law stamps on a commission basis has been entirely done away with and put in the hands of the Registrar of the Surrogate Court at no additional increase in emoluments. This is a saving of from \$12,000 to \$15,000 to the Treasury Department.

"The grouping of Registry Offices which is under way will save the Province at least \$12,000, and a similar amount will be saved to the municipalities. By sending out the solicitors in the Attorney-General's Department to prosecute at the Assizes instead of appointing outside counsel, between \$15,000 and \$20,000 will be saved.

"The Ontario Securities Commission, instead of being a liability on the Province as it was in the days of the old Government, is now an asset. During the former regime the administration of this department showed a deficit of nearly \$14,000. Under the present Administration there is an excess in revenue over expenditure of over \$50,000, this in spite of the fact that the work of this branch of the department has probably increased 500 per cent., and nearly \$1,000,000 of the public's money has been recovered by the Commission.

"The Public Trustee's office is self-supporting by means of a small percentage levied on the estates being administered. The Fire Marshal's office has been completely reorganized and an Advisory Committee appointed, with representatives of the fire insurance companies on it.

Department of Education.

"The Department of Education has been able to keep its expenditures for the current year well within the limits imposed by the Legislature a year ago. This has involved of necessity a reduction in the aid given by the Province to the several classes of schools constituting our educational system. By reason of the co-operation of local educational authorities it has been possible to maintain unimpaired the services rendered.

"In newly settled districts and in urban centres where the closing of industries has deprived large numbers of regular employment, peculiar difficul-

ties have been encountered, and the department is asking this year for a slightly increased appropriation. Regarding technical and vocational schools, it is proposed that the Provincial grants shall be reduced somewhat, and that the moneys expended on secondary education be distributed more evenly between the high schools and collegiate institutes, on the one hand, and the technical schools on the other."

"No further cuts in university grants were proposed this year," said the Premier.

Game and Fisheries.

Regarding the Department of Game and Fisheries, he announced a decided increase in the fishing industry in Ontario, and stressed the importance of the work of this branch in attracting United States tourists.

In the Department of Health the Premier reported "certain warranted economies without loss of effectiveness of the essential services." Achievements included reduction of cost for free insulin; increase in cancer clinics from five to seven; more proportionate distribution of radium; strategically placed tuberculosis clinics, and a saving by using boarding-houses for convalescent mental cases.

The Department of Highways, the Premier expected, would complete the year well within the sum estimated, and, despite the fact that 184 miles had been added to the King's Highways, the department would spend considerably less than last year. Many dangerous grade crossings were eliminated, and this year the Government hoped to carry out "a moderate program of work, particularly on the older sections of the main roads," where reconstruction or widening has become necessary.

The number of motor vehicles registered during 1935 set an all-time high record, which may be surpassed this year.

The Hydro System.

The 1936 construction program of the Hydro-Electric Power Commission was expected to add 838.6 miles to the rural systems, Mr. Hepburn said in regard to Hydro. This would involve an increase in consumers of 6,413, and the cost to the Government and the Commission, to be borne equally, would be \$2,079,848.

During the year ending Oct. 31, 1935, the Commission, out of a total expenditure of \$33,888,056, paid in interest \$13,085,405. Of this, \$9,544,023 was paid into the Treasury to meet interest charges upon that portion of the Provincial debt incurred in making advances for Hydro construction.

"In recent developments in the northwestern part of the Province for the sole purpose of providing power for mining operations," said Mr. Hepburn, "the amortization period set by the Commission for the return of capital is as low as ten years. Speaking generally, I think it is reasonably certain that the \$30,000,000 now invested at the risk of the people of Ontario in the region north of the French River will not fail to return sufficient annual revenue from this time forward to meet not only interest, but sufficient sinking fund and renewals reserves to retire the capital and maintain the various plants in efficient condition.

"By reduction in interest rates alone the wholesale cost of power supply by the Hydro-Electric Power Commission will be reduced to the extent of over one dollar per horse-power per year, assuming that in the seven years from now the load of the Commission in the Niagara District will have increased to 1,500,000 horse-power. The most rigid economy in the operating department of the Commission could not produce anything like the same proportion of reduction in the cost of power."

Regarding Life Insurance.

Mr. Hepburn said returns filed with the Insurance Department by life insurance companies showed total life insurance in force in Ontario at Dec. 31, 1935, as approximately \$2,785,000,000, an average of slightly over \$1,000