

Gross Debt of Ontario

"As honorable members know, the per capita gross debt of the Province of Ontario is much higher than that of the sister Province of Quebec, due in part to our large investments in the Hydro-Electric

Power Commission project, in our magnificent system of permanent paved roads, in our extensive hospitals, in our agricultural development loans, and in the T. & N. O. Railway. This has, in a measure, placed the Province at a disadvantage in the money markets of the world, but the present Administration has set for itself the task of the reduction of this gross debt to more reasonable proportions.

"As a result of the 'Pay-As-You-Go' policy, which has yielded a surplus of over \$7,000,000, and by virtue of the fact that the capital receipts will exceed the capital expenditures by nearly nineteen millions, by purchases for sinking fund investments, and other items of which full details will be given in the printed copy of this Address, it is estimated that by March 31 next the gross debt will amount to \$656,611,588.57. If you will refer to page 7 of the 1936 Public Accounts you will observe that

Total liabilities as at March 31, 1936, amount to	\$689,558,513.76
Deduct from this gross debt as it will stand on March 31, 1937	\$656,611,588.57

It is therefore evident that during the present fiscal year this Government has succeeded in reducing the gross debt by

\$ 32,946,925.19

"This is a great sum to take off the back of Old Man Ontario.

"In being able to announce a reduction in the gross debt of, in round figures, \$33,000,000, I submit that the Government deserves no small degree of credit in bringing about a debt reduction in an amount of approximately three times the sum that was promised you in my Budget Address delivered in this House on the 12th day of March, 1936. A Government that produces a surplus twelve times as great as that promised, that improves the financial position of this Province to the extent that, instead of reporting a deficit of \$13,342,705.74, as was the case last year, it can report a surplus of \$7,347,729.73, that produces a reduction in the outstanding Treasury bills in the amount of \$12,000,000, a reduction in the outstanding debenture debt of \$26,000,000, and a reduction in the gross debt of 33 million dollars deserves, I submit, to be called a sound Government and, in the words of the axiom that I placed before you today, a Government that is to be commended for following a policy of sound finance.

"A promise kept by a Government in these days is reason for hope, and it is an assurance of better things to come when the Governmental program comes full circle and the expenditures are kept within the amount of supply voted by the Legislature.

Ontario Savings Offices

"At this juncture, Mr. Speaker, I shall take the opportunity of saying a few words about the Province of Ontario Savings Offices, which are branches of the Treasury Department. Province of Ontario Savings Offices show a substantial increase in deposits during the past two years. On Dec. 31, 1934, the deposits amounted to \$21,865,379.43. On Dec. 31, 1935, the deposits were \$32,084,815.63; and on Dec. 31, 1936, they had reached the figure of \$37,505,429.49. On July 1, 1936, interest rates were fixed as follows: On deposits of \$10,000 or less, 2 per cent.; and on deposits in excess of 10,000, 1 1-2 per cent. Certain variations downward in the rates of interest allowed, obtain in the case of large deposits. Branches now total 25. The latest branch to be opened was at Niagara Falls on Aug. 12, 1936. Individual accounts

have increased in number almost by 5,000 during the calendar year; and the increase in the number of depositors and the amounts of deposits, notwithstanding the low rates of interest paid, indicate the confidence that the people have in credit of this Province.

Agricultural Development Board

"The amount of loans outstanding as at Jan. 31, 1937, was \$47,279,315.11, the number of mortgagors being 16,082, which is the lowest in several years. For the period from April 1, 1936, to Jan. 31, 1937, the board repaid to the Treasury \$2,663,667.59. Of this amount, \$1,75,000 was applied as capital receipts in reduction of debentures issued by the Agricultural Development Board, and the remaining sum of \$1,188,667.59 was properly accounted for as ordinary revenue in payment of interest.

Farm Properties.

"The board have on hand as at Jan. 31, 1937, 524 farms which are carried on the books at \$2,865,151.91. During the year 346 farms were taken over by either quit-claim deed or sale proceedings, and 406 farms were sold. In respect to the farms repossessed, it should be stated that the farms are never repossessed unless the mortgagor is in arrears of both interest and principal for a period of four years, with the exception of cases where definite evidence shows that the mortgagor is exploiting the property or damaging the security. In no single instance has the human element been lost sight of; and in no single instance where there has been the remotest possibility of the mortgagor making an honest effort to succeed, has he been refused extension.

"1,069 loans were re-amortized on a plan whereby the original mortgages which were on a twenty-year basis, have been extended for a further period from twenty to thirty years at 4 per cent. interest rate. Most of these cases, however, provide for an interest payment only for the first three years, and are then extended for a further period of twenty years with the usual payments of both principal and interest. This has been a liberal concession, as it has had the effect of placing these mortgages in good standing, eliminating overdue interest and giving the mortgagor an opportunity of making repairs, paying taxes, and discharging other pressing obligations.

Farms Resold.

"Great care is exercised in the matter of reselling farms. Never in a single instance has the sale of a farm been made without the recommendation of the local inspector in the district, and the further recommendation of the Chief Inspector of the Board. The Chief Inspector is an excellent official. He is not an appointee of this Government, but was in the service when the present Administration took office, and came to the Agricultural Development Board from the Dominion Government over eight years ago, having been employed by the Dominion Government as an official under the Soldiers' Settlement Board.

Farmers' Creditors Arrangement Act.

"The Board has co-operated with the officials under the Farmers' Creditors Arrangement Act and has re-amortized all loans as requested; and, in addition, the Board has accepted a reduction of principal and interest in the case of 202 loans for an amount exceeding \$260,000 in the aggregate.

Temiskaming and Northern Ontario Railway

"The financial statements of the railway for fiscal year ending March 31, 1936, continue to reflect the upward trend of business in the territory served.

"The result was as follows: For the year ending March 31, 1935, net earnings were \$260,559.47. For the year ending March 31, 1936, net earnings were \$792,012.49. Showing an increase in the net earnings of

\$531,453.02, or 203.9 per cent. increase.

"The significant features are that while revenue showed an increase of 7.59 per cent., operating expenses were reduced by 4.44 per cent.

"The territory served by the railway has forged steadily ahead and indications all point to even more prosperous times during the years to come.

"The lumbering business is more active—agriculture shows considerable improvement, while mining—and in particular gold mining in the territory served—continues to expand to a very marked degree.

"During the past year certain abandoned steam-line mileage was lifted and the cost written off. The road bed and equipment were kept up to standard, and the very best of service to the public maintained. In order to properly handle traffic the Commission has found it necessary to purchase two modern locomotives—six latest type passenger coaches and four combination cars.

"For the fiscal year which will end March 31, 1937, returns now available indicate a satisfactory increase in traffic over the previous fiscal year.

Succession Duty

"No Budget Address of this Administration would be complete without a reference to the Succession Duty Act.

"The present Administration has been doing its duty. It has reopened a number of estates where there was fraud or wilful concealment, and where there was gross undervaluation of some of the assets of the estates.

"This Government has collected from upward of thirty estates reopened, amounts due the Crown varying from \$2,000 to an amount exceeding \$1,500,000. As I have said, it is the duty of this Government to recover some of the millions that have been wrongfully withheld from the Treasury; and by the 31st of this month we expect to have collected during this fiscal year upward of \$16,000,000 for Succession Duty.

"I said that this Government has been doing its duty; and it will continue to do its duty and intends to sift to the bottom every estate where fraud or misrepresentation appears to have been practiced. No innocent persons will be molested or annoyed; but, having put my hand to the plow, as Treasurer of this Province, I assure you that I intend to see this difficult and unpleasant task through to its conclusion.

"We have just placed upon the Statute Books of Ontario a provision whereby every person who wilfully makes any false statement in any statement, written instrument, letter, note, telegram, or other document or paper writing required by the Department, shall be guilty of an offense and shall, on conviction, be subject to a penalty of a fine not less than \$1,000 and not exceeding \$10,000 and imprisonment. We intend to see that this section of the act is enforced, as we shall enforce every other section of the act to the letter. I desire to make it known to every one concerned that if they have knowledge of any irregularity in any statement with which they have had to do, if they will come forward and give to me, as Treasurer of this Province, the information which will enable the Treasury Department to collect the amount of succession duty wrongfully withheld, they will be given a full discharge, and no penalties will be imposed, except the amount of interest provided by statute.

"I have heard it said that the Treasury Department has been able to collect the large sums that it has gathered in because of the fact that legislation passed by the Dominion Government in 1933 made available to the Treasury Department the names of coupon-clippers of bearer bonds. Such a statement is wholly untrue. Practically every estate that has been dealt with was created through the death of the