

at the present time holds about \$2,000,000 of the debentures of the townships; and, to the credit of the townships, let it be said, with one or two exceptions, the payments of both principal and interest are in good standing. The rate of interest which the debentures carry is 5 per cent. per annum. The Government proposes to reduce this rate of interest to 4 per cent. per annum effective April 1 next, and in due course the necessary enabling legislation will be introduced in this House.

### License Fees on Commercial Vehicles

"It is with some degree of satisfaction that I inform the House today of the intentions of the Government regarding license fees on commercial vehicles.

"For the coming fiscal year, the Government is budgeting for a 25 per cent. reduction in the fees to be charged for the registration of all commercial motor vehicles and commercial trailers. This reduction will become effective November 1, 1937, when 1938 permits will be available and will mean a saving of approximately one million dollars to operators of commercial vehicles. The reduction of operating expenses by such a sum should provide a distinct impetus to business generally, and will benefit particularly those engaged in farming and in small enterprises where the margin between profit and loss has been small. In a transition period of a few short years the farmers of Ontario have become increasingly dependent on the use of commercial trucks for the movement of their produce and live stock. The benefit of this reduction in license fees will be felt in all parts of the Province and savings will accrue to approximately 80,000 truck and trailer operators, and through them to the consuming public.

### Amusements Tax

"I doubt if there is a tax in the fiscal system of this or any other Province of Canada that gives more annoyance to the people than does the amusements tax. The Government has given considerable study to the question of reducing the amusements tax charged on admissions to entertainments and theatres and places of amusement. It is a difficult and expensive tax to collect, particularly in the smaller centres.

"Nuisance taxes are bad taxes, and should be reduced and discarded wherever possible. The Government has decided that on June 1, 1937, the amusements tax will be totally abolished. I am sure that, in giving up this source of revenue, the Government will earn the commendation of all classes of citizens; for it might be added that this tax reform will put Ontario in a very enviable position in competing for tourist traffic which is becoming such an important factor in our economic life, but most of all the abolition of this tax will be of immense benefit to the citizens in what might be termed the lower economic scale, because over 80 per cent. of the amusement tax is collected from admissions of twenty-five cents and under.

### Old-Age Pensions and Mothers' Allowances

"As has already been announced, the Government is prepared to recognize the claim of property owners to be afforded some measure of relief from taxation. Effective April 1 next, this Government will relieve municipalities from contributing to the cost of old-age pensions and mothers' allowances, thereby making it possible for municipal councils to reduce their taxation. Earlier in the year it was announced that the municipalities' share of the cost would be borne by the Province of Ontario from Jan. 1, 1937. Let me say, however, that, there being no legislative authority for payments for the months of January, February and March, the new arrangement will come into effect on April 1 of this year, and the

necessary legislation will be dealt with at the present session of the Legislature.

### Pensions for the Blind

"The Government has learned with satisfaction of the intention of the Dominion Government to give pensions to the blind when they attain the age of 40 years. I have pleasure in announcing today that this Government is heartily in accord with this, another evidence of advanced social legislation by a Liberal Government and has already taken steps to enact complementary enabling legislation which will make the pensions effective in the Province of Ontario at the earliest possible date. If the measure passes the Dominion House before this session prorogues, the legislation will be introduced this year.

### Provincial Subsidy

"One year ago when delivering my Budget Address to this Assembly, I concluded with these words: 'With the saving of interest and a consequent reduction in the cost of Government, we shall be able to carry the blessings of good government into the homes of the humblest man and woman in this Province.

"This statement was not lightly made; and, after careful consideration, the Government has decided that, during the forthcoming fiscal year, there will be paid, by way of a grant to every city, town, village and township of the Province, a sum representing the equivalent of one mill on the dollar of their respective rateable assessments for general municipal purposes. Such grants are made unconditionally, but in the expectation and with the intent that they shall be passed on to the taxpayers of every community by a reduction of one mill in the general municipal tax rate or, where from unavoidable cause such reduction is precluded, then by avoidance of a one-mill increase in the general tax rate which, but for such grant, would have become requisite.

### On Scientific Basis.

"By means of these grants or subsidies this Government believes that it can benefit all citizens—the property owners directly and through them, other taxpayers. Whether a continuance of such subsidies and benefits will be possible in future years is a matter that will, in some measure, depend upon the findings and recommendations of the Royal Commission which is to be appointed by the Dominion Government and which it is expected, will conduct an inquiry into the whole system of taxation in Canada with a view to its thorough revision on an economic, equitable and scientific basis, with full regard to the tax-paying capacity of the people in regard to the taxes properly collectible by the Dominion, by the Province, and by the municipality. The estimated cost of this subsidy has been included in the estimate for the coming fiscal year, and it is expected it will amount in round figures, to the sum of three million dollars.

"The contentious and controversial Hydro issues have been thoroughly debated in this House, discussed from the platform, and through the press, but regardless of the merits of the discussions, these facts remain clear and uncontroversial:

"Due to purchase of unneeded power at high prices, the Niagara system had been forced to draw on its reserves to an amount of more than \$12,500,000. In 1934 three systems and the Northern Ontario Properties were in the red, the combined system deficit amounting to \$3,032,770.95. In 1936, Hydro reports a surplus, and the combined surplus of all systems amounted to \$3,583,892.54. The chief gain has been made in the Niagara system where a deficit of \$2,950,932.54 in 1935 was turned into a surplus of \$3,118,117.13 in 1936, an improvement in one year of over \$6,000,000.

"The signal betterment in the Commission's financial position has

enabled it to effect reductions in rates of a sweeping character in both rural and urban municipalities. The service charge on standard farms has been cut from \$24 to \$12 per year, and the interim rate for power as sold by the Commission to the municipalities has been reduced to \$2.50 per horsepower. This reduction has been handed on by the municipalities to the consumers, and has been warmly welcomed. The saving to the City of Toronto in decreased payments to the Provincial Commission during the current year as compared with those in 1936, will amount to over \$700,000.

"Mr. Speaker, in order to emphasize the importance and far-reaching benefits of the effects of the tax reductions contained in this year's Budget, made possible by our successful financial record, they may be summarized as follows:

"First, a reduction in the rate of interest on municipal drainage debentures to 4 per cent. and on all tile drainage debentures as well, which will be not only a benefit to the municipalities themselves, but to the individuals and will undoubtedly encourage many farmers who care to take advantage of the Government's generous gesture in this regard.

"The complete abolition of the amusement tax, which has in the past proved so annoying to the people in Ontario and particularly those who can only afford to buy tickets at 25 cents and less. This nuisance tax, I hope, has disappeared from our statutes forever, never to be revived.

"The 25 per cent. reduction in commercial vehicle licenses will be felt by practically 80,000 truck owners of Ontario, and through them, by reduced transportation rates to the consuming public.

"I might remind the House that in the last fiscal year we prudently overestimated our expenditures and underestimated our revenues, and at this moment we are budgeting for a surplus of \$2,200,000 next year, but there is no record of the past, we will not only repeat but possibly surpass this year's showing. Having this in mind, it is the intention of the Government to watch closely the actual revenues and expenditures for the ensuing fiscal year, and should they march in harmony, as we fully anticipate, then even this estimated surplus is going to be passed on to the taxpayers of Ontario, and on October 15 of this year a complete survey will be made, in order to decide to what degree we can put into effect a flat reduction of the license fees on passenger automobiles.

"But, Mr. Speaker, this House will agree that the crowning feature in passing on the fruits of a balanced Budget and an honest surplus is the direct subsidy that will be paid at the rate of one mill of the assessed value of the rateable property, to every city, town, incorporated village and township, throughout the Province.

### "We Are Marching on."

"Could anyone conceive how a wider distribution of the benefits of a balanced Budget could be more properly distributed to a well-deserving people. Mr. Speaker, it is my sincere hope that when I stand in this House next year on the occasion of my fourth Budget presentation, I shall be again able to bring tidings of great joy and a Budget that even surpasses the one that I have just presented to this honorable assembly. Surely, when the people of Ontario have had an opportunity to carefully analyze the new picture that is now presented, there should be new hope, new vision, and new courage throughout the land.

"And in conclusion, I might state, Mr. Speaker, we are marching on. It is my considered opinion that this Government has not reached the pinnacle of its achievement; rather is it in its early stages, and I am persuaded that by continuing to follow sound policies and to give honest Government we shall carry the people of this country on to the great destiny that is the heritage of the sturdy offspring.