

that the inspector for the Agricultural Development Board must have camped on the mainland and possibly waited for months for an opportunity to cross in calm water to visit the security and make his report.

The province was compelled to take over this property, and through taxes and other costs this property now stands at \$10,000. Every effort has been made to effect a sale of this island, but the only bid of any account which we have received was a \$500 cash offer.

In some cases the inspectors for the Agricultural Development Board should have been commended for their honesty of purpose. There are hundreds of cases on the books which indicate that they refused to recommend loans, but, nevertheless, the loans were granted. If the monies loaned had been disbursed for the purpose of assisting farmers, there might have been some slight justification for some of the loans, but the monies were paid for every purpose other than the assistance and rehabilitation of the farmers. Cheques were made payable to brokers, car dealers, jewellers and many other lines of business of no connection to agriculture, but we did assist the farmers to become bankrupt.

In addition to loans being made to qualified farmers, we see advances made to those who come under classifications with no farming experience whatsoever. Loans were made to bricklayers, trappers, grocers, architects, gentlemen of leisure, tile manufacturers, blacksmiths, hotel companies, auctioneers, cattle buyers, contractors, milliners, tinsmiths, real estate agents, insurance agents, medicine dispensers, electrical engineers, railroad employees, a bootlegger, bankers and tailors, operators of boys' camps, tourist camps, summer resorts..

It should also be noted that money was advanced to buy automobiles and pay judgments, satisfy desires of friends, buy houses in villages for relatives, purchase shares in incorporated companies, play the stock market, pay taxes on property for relatives and to buy wedding presents. Advances were made on farms without buildings, stock or equipment. The Agricultural Development Act was not considered a law to be followed as the act forbade a loan in excess of 50 per cent of the value of the property, but, nevertheless, many loans were made in excess of 50 per cent, while in other cases the true values were inflated in order to justify loans of 50 per cent. Instances where funds were advanced for building purposes but no buildings were ever placed on the property, and the money diverted to other channels, are too numerous to mention. Between the years 1929 and 1934 we have on our books a list of loans of over 500, amounting to \$2,000,000, where funds were used for purposes other than farming operations.

Every effort is being made to rectify the grave wrongs which resulted in the present condition of the defunct Agricultural Development Board. Farmers are being given every consideration and assistance, but the task of this government to liquidate and collect has been made extremely difficult by reason of the unsatisfactory conditions under which a considerable portion of the loans were made.

Ontario Savings Office

On Dec. 31, 1938, the total deposits amounted to \$40,575,987, as compared with \$38,923,945.61 on Dec. 31, 1937.

On July 1, 1938, a reduction of one-half of one per cent ($\frac{1}{2}$ of 1 per cent) in our interest rates was effected. One branch was opened during the year, and the branches now total twenty-six.

A substantial increase has been made in the number of individual accounts as well as in total deposits. This, in the face of lower interest rates, can only be attributed to the absolute confidence of the public in the Government of Ontario.

For the information of the House let me state that the rate of interest payable on deposits up to \$10,000 is $1\frac{1}{2}$ per cent per annum. Amounts in excess of that bear interest at the rate of 1 per cent per

annum or less, depending upon the amounts on deposit and the conditions of the deposit.

Liquor Control Board

From Liquor Control Board operations, payments to the Treasury Department have continued at the same high level as during the previous fiscal year, when the sum of \$10,500,000 was remitted.

Additional thereto, there will be paid to about 300 municipalities throughout the province approximately \$200,000, same being a percentage of their local hotel authority fees. Furthermore, during the year, the board, with governmental sanction, waived claim to exemption from business assessment and taxation on their various places of business in the province, which resulted in tax payments to the treasurers of municipalities in which liquor stores are situated.

Since the change in provincial administration in 1934, the economies effected and increased revenues derived from Liquor Control Board operations are noteworthy. For example: On Oct. 31, 1933—the end of the last fiscal year before the present administration took office—the staff of the board totalled 1,066, whereas on February, 1939, the number was 860.

The total expenses of the board for the twelve months ending Oct. 31, 1933, were \$2,307,647.16. For the last fiscal year which ended March 31, 1938, same were \$1,793,685.56, a reduction of \$513,961.60.

Payments by the Liquor Control Board to the Treasury Department during the first named period were \$5,935,000, as compared with \$10,500,000 for the last fiscal year.

Dominion Customs and Excise levies continue to be a major portion of the cost of liquor, and, during the present fiscal year, the Dominion Government will receive in customs and excise duties, sales and excise taxes on our purchases for store sale of spirits, wines and imported beers, about \$6,000,000. Excise duties and sales tax on domestic beers which have been sold in Ontario during the same period will amount to about \$4,600,000, and further income from excise and sales taxes on native wine sales from native wine shops will amount to \$150,000, making a grand total of Dominion Government revenue from alcoholic beverage sales in Ontario of \$10,750,000.

With respect to the premises of authority holders, it can be stated that the hotel accommodation throughout the province is vastly improved over that existent prior to 1934. An intensive inspection service of all such premises is being continued, and further improvement will unquestionably be made.

While the board has been stern with those who have shown signs of wayward intentions toward the law, it is a matter of gratification that the large majority of authority holders have recognized their responsibility, and have endeavored to co-operate in spirit and in letter with the provisions of the law and the regulations which have been established under its authority.

Hydro-Electric System

The Hydro-Electric Power Commission has been administering matters having to do with "The Rural Power District Loans Act of 1930." Since the passing of this act, up to Dec. 31, 1938, a total of 1,304 loans have been made to farmers throughout the province, the total of which loans amounted to \$265,087. The principal instalments of these loans, matured to Dec. 31, 1938, amounted to \$165,996.69, and including interest on the loans to date, the total collected amounted to \$191,036.20. The payments on these loans have been made promptly by the loanees, and only a comparatively small percentage of the outstanding loans remain matured and unpaid.

Commencing May 1, 1938, primary lines were constructed in rural power districts on a reduced basis—from three to two standard farms per mile as a minimum. Applications were received during the year from 14,256 consumers, necessitating the construction of 2,661 miles of new primary line and new transformers, etc.

Practically all guarantees made by rural consumers for the construction of all lines on the basis of three standard farms per mile were eliminated during the year.

It is expected that 11,469 consumers will apply for rural electrical service during 1939, which will require the construction of 2,020 miles of new primary lines and additional transformers, etc.

The amount of rural bonus which the province has been called upon to provide to the Hydro-Electric Power Commission of Ontario amounted to \$2,419,305, and it is further expected that the province will be required to pay \$2,000,000 as a bonus for the construction of lines during 1939.

The latest bond issue of the commission—issued Aug. 1, 1938—was a \$12,500,000, 3 per cent, 10-year issue, which was sold to yield 3.24 per cent.

These bonds were issued to provide funds for capital expenditures.

Public Welfare

Old Age Pensions.

In 1937 the municipal contribution of 10 per cent toward the cost of old age pensions was assumed by the province. This 10 per cent amounted in the fiscal year 1937-38 to \$1,149,135.83. In 1938-39 the 10 per cent contribution was \$1,170,000. The estimated saving for 1939-40 to the municipalities is \$1,200,035. This saving is based on a gross expenditure predicted on the normal increase during recent years. In addition, the province bears the total cost of administration of the act, with the exception of work done by the local pension boards which were formed in 1938 to assist in the administration. The majority of members of these boards serve without remuneration.

Ontario municipalities have never been called upon to contribute to the cost of blind pensions. This is by reason of the fact that the Ontario Government has never passed back to the municipalities the 10 per cent contribution which would normally have been borne by them under the Old Age Pensions Act, under which blind pensions are administered. In 1937-38 municipalities would have had to pay \$4,847.32; in 1938-39 the sum would have been \$24,500. The estimated saving for 1939-40 is set at \$26,000.

Previous to 1937 the province and municipalities contributed on a fifty-fifty basis to the cost of Mothers'