

I give you another example of the tactics adopted by some of these oppressed beneficiaries to evade payment of succession duty. In the case of one estate, one of the grandchildren signed an affidavit

to the effect that he had received no gifts whatsoever from the deceased, save and except what a grandparent might have given to his or her grandchild for education, maintenance and support. Investigation revealed the fact that this particular grandchild had received in gifts during the lifetime of the deceased a sum in excess of \$87,000.

Deception is not confined to the beneficiaries. Even trust companies have not been wholly innocent. There is a case before the Treasury Department at this time where a representative of a trust company wrote two separate letters to the relatives of the deceased taxpayer. One letter was marked "official" and the other "personal." A copy of the official letter was furnished to the department. The personal or unofficial letter was full of suggestions as to how to avoid payment of full succession duties and concluded with the warning that:

"If the statement shows that on the (blank date) these shares had a little marketable value, do not send it to me, but tell me that the books fell into a volcano or something of the kind."

Do these newspaper articles contain any reference to the fact that it was not an uncommon practice of certain executors and beneficiaries to obtain by trickery the release of bonds and securities from banks and trust companies and to avoid reporting these assets for succession duty? Of course no mention is made of these frauds practiced upon the department, which resulted in the loss of scores of millions of dollars of revenue to the province.

Certainly there is no such mention made. It appears preferable to hold up conniving executors and beneficiaries as ill-treated, oppressed people and, by implication, charge this government with trampling upon the rights of the taxpayers. Well, if any one here or elsewhere wants to champion tax evaders who resort to deceit and trickery and fraud, let him stand up and do it. Or if any paper thinks it can please a certain select group of its subscribers by abusing this government for doing its duty, let it continue. Such unwarranted attacks will avail nothing.

We will this year collect fifteen million dollars in succession duties. Next year we hope to collect seventeen million dollars. As Treasurer of this province, let me say that I have put my hand to the plow and that I will finish the job of investigating returns where fraud is suspected, to the end that all taxes rightfully belonging to this province shall be collected, wherever found unpaid.

Gross Debt

There is an increase in the gross debt of the province of \$37,500,000 and, in reporting this sum to the House, I take this opportunity of making certain observations, not by way of apology, but due to you from me as Treasurer of this province.

One of the items that bulks large—although not the largest—in the increase in the debt is the expenditure of the sum of \$4,823,000 by the Department of Public Works on the construction of more accommodation for the housing and treatment of the unfortunate mentally

ill portion of the population of the Province of Ontario. Commissions and investigators have for years condemned some of the buildings which were used to house the unfortunate mentally ill of the province, and this government has undertaken to provide proper accommodation where the mentally ill may be cared for and, where a cure is possible, assured of the best medical treatment available.

In dealing with the Ontario mental hospitals as administered by the Department of Health, I have already given you information as to the need for additional accommodation. The progress of any state may be measured by the care which its citizens afford to the less fortunate portion of the population and, in the light of this great truth, this government has undertaken to erect modern fireproof buildings that will safely and comfortably house those unfortunate people who are afflicted with mental illness. The government is also equipping its newest hospital with the latest and most modern surgical and other scientific appliances available, so that those patients, who might otherwise be without hope, may, if possible, be restored to health and returned to their families and to their normal pursuits of life.

Another item is the expenditure of over \$3,000,000 made by this government to the Hydro-Electric Power Commission of Ontario as the government's contribution to the cost of extension of rural power lines. As Treasurer of this province, I am proud to report the fact that we are continuing to extend the benefits of electric light and power to the rural parts of the province which formerly did not en-

joy the conveniences and benefits of this great public project.

The largest item included in the gross capital payments of the government is that of the construction of highways, a sum exceeding \$35,000,000 dollars. Two years ago opponents of this government went up and down the country and attacked the government for what they were pleased to call its "do-nothing" policy, claiming that the government was robbing the motorists by failing to return to them in highway construction and maintenance a dollar of expenditure for every dollar of revenue collected from motorists. Last year, when the government spent \$34,622,186.12 in highway construction, a great clamor was raised in certain quarters and the statement was made that, while the construction of highways was long overdue, it was simply done as an election program. During the present fiscal year we have invested in highway construction \$35,185,809.80, and today Ontario has more highways and better highways than the rest of the Dominion of Canada put together; and I await with no small degree of curiosity the verdict of our critics as to whether we spent too much or too little. These investments in modern highways have a threefold value to the province. In the first instance, by constructing new highways instead of repairing obsolete type highways, we have added to the capital value of the assets of the province. Secondly, we have invested our money in assets that will bring revenue to the province. For example, the highway revenue for the fiscal year ended Oct. 31, 1934, amounted to a little over \$21,000,000 dollars. This year, with the same rate of gasoline tax and notwithstanding a \$5 per vehicle reduction in license fees and 25 per cent off truck license fees, the revenue will be approximately \$27,000,000 dollars, or an increase of nearly 30 per cent in revenue, not by the same tax yardstick, but by a lesser tax yardstick.

And, thirdly, without fear of contradiction, I claim that no single expenditure of money adds to the material wealth of this province, dollar for dollar, as does expenditure on durable, modern, properly built highways. No part of Canada continues to enjoy such a large and increasing share of the invisible revenue that comes to a country by way of tourist expenditure as does the Province of Ontario, and for this fact great credit should go to the Department of Highways. I might even add a fourth advantage, namely, in spite of the serious recession in business, the expenditures of the province for unemployment relief were no greater than in the previous fiscal year, and this condition is in no small measure attributable to the fact that employment was furnished to laborers and others by reason of the extensive program of highway development carried on during this fiscal year.

Now, these expenditures, representing, we maintain, a wise economy, cannot be continued indefinitely and, as you will observe from the estimates that I shall later place before you, some curtailment in the highway construction program may be expected.

I know the House will be interested in a statement of capital expenditures made for the period from Nov. 1, 1934, to March 31, 1939, and with your permission I shall place upon the records of the House a detailed statement showing the expenditures, and representing a total of over \$120,000,000.

Net Debt

The net debt of the province will vary in an amount closely following the amount of the gross debt. The exact amount of the variation cannot here be stated because of the necessity of ascertaining the amounts of certain balances which may be collected or outstanding at the end of the fiscal year. Full details of the change in the amount of the net debt will be available when the public accounts are brought down.

Indirect Liability

The indirect liabilities of the province have been subject to two increases during the fiscal year, one being a guarantee to the Niagara Parks Commission of two and a half million dollars, and the other to the Hydro-Electric Power Commission of Ontario of twelve and a half million dollars. The net increase in the indirect liabilities of the province over the previous fiscal year amounts to a little over nine million dollars. Inasmuch as the guarantee furnished by the government have been given to two well managed commissions, namely, the Niagara Parks Commission and the Hydro-Electric Power Commission, both of which are making provision by sinking funds to liquidate their new indebtedness, I am glad to be able to say that the government was quite willing to assist these two borrowing bodies in obtaining funds at very low rates of interest.

With the permission of the House, I will place on the records a schedule of our guaranteed debt, setting out the maturities redeemed and the guarantees made during the present fiscal year.