

ONTARIO TAKES \$2,246,622 DEBT DUE TO RADIAL

Repair Ancient Wrong
Done 15 Municipalities,
Premier Hepburn Says

LAW WAS CHANGED

An indebtedness of \$2,246,622.82 carried by fifteen municipalities as an aftermath of the radial scheme of 1914 which was to have linked Toronto and Niagara Falls, together with \$16,469,733 in debentures which were deposited by them as collateral, will be wiped out immediately by act of the Ontario Government and Hydro-Electric Commission, Premier Hepburn announced in his Budget address.

The indebtedness, incurred in surveys, right-of-way purchase and certain preliminary work, will be assumed by a three-way split, with the Hydro bearing \$500,000, the Department of Highways, a like sum by virtue of the fact that a section of Queen Elizabeth Way was part of the proposed radial right-of-way, and the balance by the Government.

"It has now become possible from the improvement in Provincial finances for this Government to repair the ancient wrong done these municipalities," announced the Treasurer. "It has decided, in conjunction with the Hydro-Electric Commission, to assume the full amount of this indebtedness and to completely relieve the municipalities of any share in the loss by cremating their bonds so deposited and certifying them to the full payment of all obligations imposed by virtue of the Hydro-Electric Railway Act, 1914."

Reviews Radial History.

In review, he said in 1914, in fear of surplus power accruing from the Queenston power development, the Hydro Commission and the Conservative Government of the day undertook the promotion of a radial system. He said the fifteen municipalities were induced to "enter into agreements for the construction of Hydro radials and to guarantee the cost thereof by depositing their municipal bonds with the commission. The Hydro, with the Government of the day, undertook to construct the lines and to operate them."

He asserted that after the "extremely hazardous character of the enterprise became apparent" a Royal Commission in 1920 was appointed to investigate the situation. In 1922, without the consent of the municipalities, the Municipal Electric Act, 1922, was passed, repealing the 1914 legislation and thereby cancelling the agreements with the municipalities.

"The radials were not built," said the Premier, "and the large sums of money already expended by the Hydro were charged against the municipalities' bonds so deposited in spite of the fact that no radial railway had been completed as agreed. Since 1922 these municipalities have incurred great losses in financing as the result of loss of credit through these outstanding bonds."

Suit Was Dismissed.

That the issue was a live one is attested by an action begun on April 21, 1927, by the City of St. Catharines, asking for the return and delivery by the Hydro Commission, free from any charge or other claim, the debentures and interest coupons which the city had deposited in compliance with the original agreement, and for a declaration that the city was not in any way indebted to the Commission in respect to any expenditure made by the Commission.

The claim was not admitted by the Ontario courts and in finality, an appeal taken before the Privy Council in 1929 was dismissed. In the action, the Hydro Commission counter-claimed for payment by St. Catharines of the city's share of the cost incurred by the Commission and also asked for an order authorizing the Commission to sell the debentures for the purpose of satisfying the amount of each share.

List Municipalities.

The municipalities, with the amounts of their indebtedness, together with the debentures awaiting cremation, are as follows:

Port Credit-St. Catharines—Township of Grantham, \$9,442.77, \$141,604; Township of Louth, \$41,473.34, \$621,935; Township of Clinton, \$34,872.86, \$522,954; Township of North Grimsby, \$31,216.69, \$468,126; Township of Barton, \$20,941.09, \$314,033; Township of East Flamboro, \$19,626.54, \$294,320; Township of Nelson, \$27,590.26, \$413,744; Township of Trafalgar, \$39,656.53, \$594,690; Township of Toronto, \$17,893.82, \$268,336.

Village of Beamsville, \$3,788.67, \$56,815; Village of Grimsby, \$7,494.86, \$112,393.

Town of Burlington, \$10,639.42, \$159,549; Town of Oakville, \$14,950.23, \$224,194.

City of St. Catharines, \$45,914.79, \$688,539; City of Hamilton, \$432,043.21, \$6,478,928.

Totals—Port Credit-St. Catharines, \$757,545.08, \$11,360,160.

Toronto-Port Credit—Township of Toronto, \$64,272.33, \$220,542; Township of Etobicoke, \$116,960.66, \$401,335; Village of Port Credit, \$15,751.74, \$54,050; Town of New Toronto, \$23,970.03, \$82,250; Town of Mimico, \$32,406.90, \$111,200; City of Toronto, \$1,235,716.08, \$4,240,196.

Totals—Toronto-Port Credit, \$1,489,077.74, \$5,109,573.

Grand totals of both radials, \$2,246,622.82, \$16,469,733.

ASK IF SURPLUS INDICATES VOTE

Figure Is the Largest
Since '37—Election Year

RECORD BY YEARS

The Ontario Government's surplus of \$12,600,364, announced yesterday by Premier Hepburn in an interim statement on this year's financing, has been equalled previously in his regime only in the 1937 election year.

On March 12, 1936, the Treasurer forecast a surplus of \$597,985. On March 9, 1937, he reported an interim surplus "an honest surplus, twelve times as great as that estimated, a real surplus of \$7,347,729." But when the final returns were in, the net surplus was actually \$9,313,938.

Members of the Legislature last night were not discounting the fact either that, in 1935-36, there was a deficit, as there was in 1939-40 and, with other signs of an approaching election, held that the coincidence was significant.

This is what the record shows: 1935-36, ordinary revenue, \$65,726,984, deficit of \$13,342,705; 1936-37, ordinary revenue, \$80,488,439, surplus, \$9,313,938; 1937-38, ordinary revenue, \$86,052,792, surplus, \$4,609,718; 1939-40, ordinary revenue, \$88,172,951, deficit, \$3,234,096.

The estimate for the net ordinary revenue for the current fiscal year has not been given. Mr. Hepburn forecast last Feb. 15, net ordinary revenue of \$89,051,209, and gross ordinary revenue of \$90,255,983, and net ordinary expenditure of \$88,694,970, and gross ordinary expenditure of \$99,535,122 and a surplus of \$356,239. He now has reported gross ordinary revenue of \$114,056,264, and gross ordinary expenditure of \$101,455,900, and a surplus of \$12,600,364.

Error in School Grant Totals Necessitates 15 P.C. Reduction

Ontario Department of Education grants in the coming fiscal year will reach a record total of \$13,588,630, Premier Hepburn disclosed yesterday in his budget address.

The department, he said, is asking for an increase in its estimates "to provide for the payment in full of grants to public and separate schools." Estimates tabled following the budget presentation, showed that public and separate schools

will be given \$4,860,000 in grants, as compared with \$3,730,000 in the current fiscal year.

According to Dr. George F. Rogers, Deputy Minister of Education, it had been necessary to reduce grants by 15 per cent this year through an error in estimating the total required. Grants for vocational education, which is taking a prominent part in industrial classes for war production, will be increased from \$1,525,150 to \$1,858,450.