

\$47 Million for Roads In Provincial Budget

A surplus from the past fiscal year's financing which allows Ontario to provide \$5,800,000 aid to school boards on their immediate budgeting, and a forecast deficit for 1946-47 of \$21,065,694 on ordinary account plus "a substantial increase in the gross debt,"

were announced by Provincial Treasurer Leslie Frost in the annual Legislature budget address yesterday. He pledged the deficit—based on record anticipated gross ordinary expenditures of \$149,436,605—will be overtaken from future ordinary revenue after the Dominion-Provincial Conference.

Assurance no new taxes would be levied, despite the estimated debt increase, for various reasons including necessity of awaiting outcome of tax agreements before the Dominion - Provincial conference, was made by Mr. Frost. He also revealed reductions during 1945-46 in the gross debt, net debt and interest costs, and increases in estimates to almost every department of government.

Vast Highway Program

Highlights of the address included:

Provision of \$46,837,800 for a vast highway program to repair wartime deterioration and build new roads.

Announcement of a third consecutive net reduction, first time in Province's history.

Reduction of debt and interest payable in United States funds by refinancing.

Continuance of one-mill subsidy to municipalities.

Plan for amortization of Ontario's present net debt, plus retirement of new indebtedness on a serial plan.

Overall increase in revenues during 1945-46 over previous estimates, including \$24,000,000 from liquor.

Increases to Provincial Police to combat crime, including a three-way radio system.

Extension of hydro to 22,750 new rural customers.

Increased allotments to assist mining, forest conservation, farmers of northern areas, and hospitals.

In almost jubilant mood, Mr. Frost detailed 1945-46 refinancing to reduce interest and capital payments on the Province's debt payable in United States funds and declared the \$6,369,000 saving indicated the sound financial position of the Province and readiness of investors to take Ontario issues. He explained details of refinancing \$59,000,000 worth of earlier bond issues, which would have continued paying higher rates than the Province was able now to borrow.

Immediately following the Treasurer's address, the Legislature went into committee of supply to pass educational grants he had outlined. Premier George Drew, as Minister of Education, recalled that Mr. Frost had revealed a surplus of \$6,052,000 that should be used to assist school boards immediately with next year's financing. In a sense, it was an advance on next year's grants, being 20 per cent of the total to be paid. It thus permitted school boards to arrange their funds now without the need of borrowing from banks and adding interest rates to their costs. Cheques would issue immediately, the Premier said, and the House passed the grant.

War's End Influence

Unexpected termination of the war, Mr. Frost said, permitted the Province to complete its fiscal year in much better condition than originally estimated. Revenues from almost all sources had increased, due to an upsurge in business. Liquor revenues had totalled about six millions more than expected, due to lifting of Federal restrictions and an increase in amount available for sale. In the face of increased commitments during 1945-

46, such as the \$15,000,000 increase apportioned to education, this revenue increase had been important. On the other hand, numerous unexpected expenditures had been necessary during the year, such as 1¼ millions for election costs, increases in salaries and staffs of hospitals, and \$5,630,000 for urgent repairs to highways suffering from wartime traffic.

Mr. Frost stated that the coming year could still not be regarded as a normal year and that Ontario would not probably see a normal year until 1947 or 1948 or later.

His last Budget, he recalled, had been introduced under difficult circumstances. Revenues had been restricted by reason of agreements entered into to help the Federal Government finance operations to help defeat the Axis. Ontario had undertaken financial obligations with regard to education which had no parallel in the Province's history, committing itself to increase educational expenditures from about \$15 million to \$33 million. It had been inadvisable to increase taxes and yet it was essential to avoid increasing debt.

"At that time," said Mr. Frost, "we had hopes that a Dominion-Provincial Conference would completely clarify our financial position so that we might budget in a sound and proper way for a greater Ontario."

While the sudden collapse of Japan had occasioned many large unanticipated expenditures, revenues had in some cases largely increased through demobilization and raising of wartime restrictions. But Mr. Frost warned that the increase in revenues should not be taken as a permanency.

Economy Practiced

Preparations for a Dominion-Provincial Conference had been under way in Ontario since August, 1943, he said, and during the past year the Treasury Committee had been in session almost continuously. In this respect he lauded the Treasury Department staff as "a credit to themselves and their Province. . . ."

Mr. Frost said that, having charted the Government's course a year ago, and, though the difficulties had been great, the Government, without stinting essential services, had practiced every reasonable economy and had given the taxpayers "the best possible value for their money."

Revenues for the current year had exceeded the 1945-46 Budget forecast, with practically all departments showing increases. This, he thought, was "due to an upsurge of business activities due to an abundant supply of purchasing power characteristic of wartime and postwar conditions."

He mentioned particularly revenue increases in liquor receipts (approximately \$6 million), and in revenues from mines and the Provincial Secretary's Department. Mines revenues were up about \$900,000 because, under legislation passed last July, two years' mining taxes became payable during the year. Incorporation of new joint stock companies was largely responsible, he said, for \$600,000 extra revenue in the Provincial Secretary's Department.

An explanation of the \$6 million increase in liquor revenues, Mr. Frost said, was to be found in the progressive relaxation of wartime restrictions since last August through the Dominion Government's rescinding wartime regulations governing the supply of spirituous liquors.

The removal of Dominion restrictions had resulted in a four-fold supply of spirits becoming available as compared with a year ago.

Will Suffer Reduction

Estimating approximately \$20 million revenue from liquor during the coming year, a \$4 million drop from last year, Mr. Frost gave Ontario's liquor revenues for the past three years as: 1943, \$17,275,000; 1944, \$20 million, and 1945, \$18,713,000, with the 1945-46 revenue approximately \$24 million.

The Dominion revenue from liquor, including malt tax, in Ontario had been: 1943, \$34 million; 1944, \$32,600,000, and 1945, \$36,200,000.

Turning to increased expenditures on ordinary account, the Provincial Treasurer said three outstanding items deserved special mention—a \$1¼ million increase in the Attorney-General's departmental expenses due to the holding of the Provincial general election last June, \$698,000 in the Health Department largely because of increased salaries and staffs in Ontario men-