cent. to the college of agriculture, 5 per cent. to the university, and 10 per cent. to secondary education. This scheme worked well for several years.

The primary reason for instituting the tax had now ceased to exist, however. While there were still some areas not organized into school districts a glance at a map of the school districts would reveal the fact that the motive for the tax had very largely passed away, with further organization of school districts. The revenue of school districts from this fund in the earlier years of the tax was greater than the amounts raised by them by taxation. The reason for this was to be found in the fact that so much of the province was outside the organized school districts. The average annual receipts from the tax since 1907 was $472,643. This had been distributed each year according to the law. There were only 1,167 school districts in the province during the first year of the tax (1907-08) to participate in the receipts from it. To-day there are 8,640 districts. As the districts grew in number it became impossible for them to get the same sized grant out of a fixed revenue.

Debt Shows Large Increase

The public debt of the province, when he delivered his last budget speech, said Mr. Dunning, amounted to $34,946,-404 gross, or $41.95 per capita. The corresponding debt this year was $41,549,480, or $49.86 per capita. This gross debt was made up of two different items—a dead weight expenditure and a debt incurred for the creation of revenue-producing utilities. The dead weight debt would have to be paid off from revenue derived from taxation. The other debt would be liquidated by revenue from the earnings of the utilities.

That portion of the gross debt which was revenue-producing amounted to $20,808,801. The net debt of the province consequently amounted to but $19,416,237, as compared with $17,742,236 last year. The per capita net debt was $21.30 in 1919 and $23.30 in 1920. These facts indicated, declared Mr. Dunning, that the government was going very slowly in regard to increasing the dead weight debt of the province; while it was willing to move much faster in regard to the revenue-producing debt. Considered either from the point of view of gross or net debt, Saskatchewan had, said Mr. Dunning, the lowest per capita debt among the provinces of western Canada.

Two Bond Issues Sold

The government had not taken advantage of all the sums voted at the last session of the legislature, continued the provincial treasurer; but it had made two bond issues. The first of these was a 6 per cent. debenture issue for $1,-000,000, due in 1924, and was sold on May 1, 1920, to a syndicate headed by Messrs. A. E. Ames and Co., Toronto, at 102.20. It cost the province 5.38. The second was a 6 per cent. debenture issue, due 1940, for $3,000,000. It was sold on October 1 at 94.68, and cost the province 6.48. The interest and principal are payable in Canada only. While slightly better terms, on the face, could have been obtained for the issue had payment been permitted in the United States, the government decided, said Mr. Dunning, that this inducement was not sufficiently great to overcome the risks that would have had to be run in connection with American exchange.

The fixed procedure of the government in connection with all such loans was followed in the case of these issues. Tenders were called for and opened in public. While occasionally, a fluctuating money market offered opportunity to secure snap bargains, this procedure had been found to be the safest in the long run. It was the fairest to all, and gave no opening for the entrance of suspicions or complaints. The provincial treasurer said that he knew that the October issue was a good sale, as it had taken the bond dealers who purchased it considerable time to dispose of it, showing that they had paid more than would enable them to market it readily. They even came back and tried to make terms with him. The loan also compared very favorably with recent Ontario offerings—the latest Ontario offering to the public was at a rate that would cost the province 6.60.

This was a cause for congratulation, that Saskatchewan could get its money at a rate no greater than was demanded of the wealthiest province in Canada. He would not claim that the financial position of Saskatchewan was better than that of Ontario, said Mr. Dunning, but he could say that Saskatchewan had gotten away from a condition where it has to take much less than Ontario.

Railway Guarantees

Alluding to the province's contingent liabilities, Mr. Dunning stated that the total amount of the outstanding liabilities resulting from the government's guaranteeing Canadian Northern and Grand Trunk Pacific branch line bonds was $28,582,011. While this amount had to be carried as contingent liabilities, there was little likelihood of the province ever being called upon to make it good. The province was still responsible for and would have to meet the interest on these bonds if the railway companies defaulted; but the likelihood of the companies meeting the interest instalments was greater now than it had been a few years ago. The Dominion government now owned the lines, whereas for some years the status of the lines was uncertain. He did not think it would have been a calamity for the province if the Canadian Northern and the Grand Trunk Pacific had gone broke, said Mr. Dunning. The provincial government might have given better operation service than would be given from Ottawa. There was no use discussing these possibilities now. The province could not get the lines unless the companies defaulted. Should they do so, the province would have a right to the roads whose bonds it had guaranteed.

The C.N.R. had never defaulted in the payment of its bonds, said Mr. Dunning, but the G.T.P. did, with the result that the province had to meet interest instalments amounting to $810,000. After prolonged negotiations between the provincial and Dominion governments, this debt had been liquidated, with the exception of a small amount of interest on the money advanced by the province. There was always the remote danger of default in the future, and for this reason it was necessary to regard these guarantees as contingent liabilities.

Other Contingent Liabilities

The province had other contingent liabilities connected with assistance given to agriculture. There was a $2,000,000 line of credit for the Saskatchewan Co-operative Elevator Co., Ltd., which the government guaranteed. There was a sum of $240,000 guaranteed on account of the Saskatchewan Co-operative Creameries, Ltd. It had not been necessary this year to guarantee any credit for the Municipal Hail Insurance Association. So successful had been the association's year that it was able not only to finance itself but also invest a very considerable sum in farm loan debentures. Other contingent liabilities were $217,000 for drainage schemes; $244,000 on account of municipal seed grain advances; $150,000 for seed grain and relief in local improvement districts; $630,000 on account of seed grain advances by mortgagees, and $936,744 on account of relief extended by municipalities. The total amount of the government's outstanding guarantees for agricultural purposes was $4,419,564.

Relief Measures

The spirit shown by the municipal officials and by the people who had received relief indicated, said Mr. Dunning, that the liabilities incurred in connection with the relief measures taken by the government would be made good. The prospects were excellent. The total amount of the securities taken by the Dominion government in the winter of 1914-15 for relief and seed grain advances in this province was $8,655,000, as follows: Seed grain, $5,578,000, and relief, $3,077,000.