

# LIBERALS ASSAIL TORY FINANCING AND DEMAND VOTE

## Formal Amendment Launch- ed When Tweed Scores Budget

### MANY JOIN DEBATE

## Renfrew Member Enlivens Occasion by Talking of March 17

With S. C. Tweed (North Waterloo) in the van of attack, the Liberals of the Ontario Legislature threw off today the policy of passive resistance that seemingly has been theirs since the present session opened, and struck hard at the Henry Government's financial policy and financial record.

Before the House now reaches the main motion of Provincial Treasurer Dunlop to resolve itself into a Committee of Supply to consider the estimates, it will have to deal with the amendment from Mr. Tweed that would commit it to an expression of regret, "That the Government has failed to relieve the people of the Province from unnecessary and burdensome taxation, and has announced no plans for a complete survey of all taxation, municipal and Provincial, within the Province to make taxation reduction possible."

The Tweed motion was seconded yesterday by R. A. Baxter (South Oxford).

#### First Day of Debate.

Yesterday's debate—the first big day of what is termed the Budget debate—was pushed by Premier Henry to 10.30 o'clock at night, in order that a wind-up might be assured for tomorrow night, or by next Tuesday at the latest. No fewer than nine speakers figured in the day's cross-benches argument, with Hon. Dr. Joseph D. Monteith, former Provincial Treasurer, being put up by the Government immediately after Mr. Tweed, and the rest coming along in the following order: F. W. Elliott (Liberal, North Bruce); Rev. A. C. Calder (Conservative, West Kent); T. P. Murray (Liberal, South Renfrew); A. V. Waters (Conservative, North Cochrane); R. A. Baxter (Liberal, South Oxford), J. F. Strickland (Conservative, Peterboro'); and J. A. Sangster (Liberal, Glengarry).

Outstanding among the day's debate contributions were Mr. Tweed's allegation that contracts given by the Government through the Hydro-Electric Power Commission are making possible the building of great power plants in Quebec; Mr. Calder's studied appeal for an intensive campaign of temperance education in Ontario that would teach self-discipline, self-knowledge and self-control; and the whimsical utterances of Mr. Murray, the Liberal lumberman member of the House, who rose with a shamrock in his buttonhole, acknowledged a salutatory song from the House, and then talked everything from wolves to baseball in bringing his condemnation of Government policy to the doorstep of Premier Henry and Attorney-General Price.

If the municipal income tax is to be continued in Ontario, it should be, contends S. C. Tweed, Liberal, North Waterloo, at the same rate in all municipalities, and every municipality should be compelled to collect it.

#### Difficulties of Surplus.

"At the beginning of the last fiscal

year," said Mr. Tweed, "the Government made a change in its method of bookkeeping, whereby the cross-entries were eliminated. This change has enabled the Government to show the revenue, or Provincial taxation, as \$57,343,291, instead of approximately \$71,000,000, as it would have been shown under the former system. The amounts collected from the municipalities for highways, old-age pensions and mothers' allowances are taxation, and should be shown in the Provincial revenues.

"The Government has each year used its surplus from the preceding year to carry out the debt-retirement plan. The 1929 surplus of \$2,642,894 was more than sufficient for the 1930 requirement of \$2,251,294 for debt retirement, leaving a balance of \$391,600, but the year shows a deficit of \$646,061, which leaves the Government \$254,461 short of keeping up the debt-retirement scheme. If the \$391,600 has been used up in some other

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way, of course they are now short \$646,061.

"From the 1930 accounts it will be noted that all debt-retirement items are charged to capital. In the year 1929 the annuities, etc., and all of the regular instalment, excepting \$228,236, were charged against revenue.

"In the current year 1931 the Government will have to make up the shortage of \$254,461 out of revenue, and provide probably \$2,700,000 more to keep up the plan. That is, it will have to provide about \$2,950,000 for debt retirement before any surplus can be shown.

"Excluding the year 1923, the Government shows a net deficit for its period of administration. Leaving out 1924, 1925 and 1926 also, there is still a net deficit. The 1927 surplus of \$359,223 was absorbed in debt retirement in 1928, the 1928 surplus of \$228,236 was absorbed in debt retirement in 1929, and the 1929 surplus of \$2,642,894 fell short of meeting the 1930 debt retirement of \$2,251,294 plus the deficit of \$646,061.

"The Government estimates for the current year were: revenue, \$59,985,000; and expenditure, \$62,655,000, including \$2,700,000 for debt retirement. Leaving out debt retirement, that would mean a surplus of \$30,000. Thus, on the basis of these estimates, they would land \$2,924,461 short of their debt-retirement plan as at Oct. 31, 1931. The current year's results are, of course, likely to be worse than was anticipated, unless heavier tax rates are put into effect at once. It looks as though the Government may fall so far behind in the debt-retirement plan that the latter would have to be dropped.

#### Criticism of Methods.

"The withdrawal of \$6,300,000 from the T. & N.O. Railway during the past six years is one phase of the Government's financing that is open to criticism.

"The T. & N.O. Railway was built for colonization and development and has undoubtedly justified its construction. Now that it is at least meeting expenses it would only be good business to permit it to reach a good financial position before levying interest upon it.

"The total assets of the T. & N.O. Railway amount to \$41,467,662. This includes, according to the last statement, property and equipment at original cost. Against this there has been set up by way of depreciation only the sum of \$1,212,623, a very small amount when we consider that the railway has been in operation for over twenty-five years. As a result of the policy of the Government in withdrawing funds from the railway each year since 1925, the T. & N.O. Railway Commission was obliged two years ago to issue \$6,000,000 of 4 per cent. bonds guaranteed by the Province. Had the Railway Commission been allowed to retain its earnings during the past six years it would not have been necessary to issue \$6,000,000 guaranteed bonds for the purpose of carrying out the present program of extension of the railway to James Bay."

Referring to expenditures under the

Department of Northern Development, Mr. Tweed said that these had come in for a great deal of criticism in recent years due to the fact that moneys for the same were annually voted "blank cheque" made by the Legislature. "I suggest," he added, "that in future the Government present estimates showing approximately the amount of money to be spent in each district and the nature of the work when asking the House to vote the appropriation for Northern development."

#### Liquor Sales Profits.

In regard to the administration of the Liquor Control Board, Mr. Tweed said:

"During the past year the Province received \$7,500,000 from the Liquor Control Board as profits, fines, licenses, etc., and confiscated stock. An additional sum of \$965,000 was received in permit fees. The report of the Liquor Control Board for 1929 showed that the board had a gross profit of 20.89 per cent. of sales, and after expenses and other adjustments, a net profit of 17.45 per cent. Liquor is evidently costing the board 79 per cent. of what it is sold for.

"For a comparison, the Quebec Liquor Commission for the year ending April, 1929, reported sales of \$27,007,431 and cost of sales \$17,329,244, or 64 per cent. of sales. While the system of selling is different in the Province of Quebec, it would appear that the Quebec Liquor Commission is able to purchase its liquor stocks on a more favorable basis than the Ontario Liquor Control Board."

#### Highway Taxes.

On the subject of "where does the gas tax go?" Mr. Tweed said:

"During the last fiscal year (1930), the revenue of the Highways Department, including gasoline tax, amounted to \$16,416,560, while the ordinary expenditure on account of roads was only \$4,968,625. What became of the difference of \$11,446,935? Was that difference used to defray the cost of new roads? The public is under the impression that this money is being so applied, but the money was not so used. The capital expenditure on account of new roads during the last fiscal year (1930) increased our road debt from \$103,721,544 to \$116,612,902. In other words, the Government borrowed the money for that expenditure and increased the debt thereby, and applied the surplus which they collected to financing other operations in other departments.

"For the period 1904-30, there has been collected for motor vehicles licenses the sum of \$60,523,669. When we add to this the total collected by way of the gasoline tax, amounting to \$33,244,437, we find that motorists of Ontario have paid into the Treasury of this Province \$93,768,006, an amount not far short of the total highways debt of the Province.

"Since the inauguration of the gas tax, the Government has paid out over \$1,000,000 to the oil companies for remitting the tax to the Provincial Treasurer. This should be stopped, and over \$200,000 per year can be saved to the Province.

"The present system of charging a license fee and a fee for the driver's permit puts an unequal burden on those people who, because of climatic conditions, can use their cars only part of the year. I suggest to the Government that the present system be changed, and that only a nominal fee of, say, \$5, be charged for markers and drivers' permits, and that the gasoline tax be increased sufficiently to make up for the loss of revenue through the reduction of the license fee. This would have the effect of making every car, truck and bus owner pay in proportion to the miles of driving."

#### Practice of Economy.

Dr. Monteith, following Mr. Tweed, granted that the latter's criticism was fair, and had no doubt the Provincial Treasurer would give his suggestions due consideration.

Amid desk-thumping and some ironic cheers, the Minister declared, "We have always practiced economy." Regarding the cross-entry system adopted in the Provincial book-keeping this year, Dr. Monteith said: