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DEBT RETIREMENT AGAIN IS SHELVED TO BALANCE BUDGET

Payment Is Deferred Second Time, as Obligation Mounts to $6,000,000

TORY CAUCUS STUBBORN

Plan to Redeem Pledges Through Gasoline Tax Is Opposed

If the Ontario Government effects a balanced Budget this year it will manage it, The Globe learns, at the expense of a second straight renege on its annual ordinary debt-retirement obligations.

Last year, for the first time since the debt-retirement plan was inaugurated at Queen's Park, the Government failed to meet its instalment, although by doing so it lessened its deficit for the year by some $2,500,000. The accumulated debt obligation at the end of this fiscal year will amount to more than $6,000,000, but the Government has no intention, it is understood, of paying it off, or any part of it. In fact no payment on debt is said to be on the program until the end of the fiscal year 1933, when obligations in this regard will have piled up to between $10,000,000 and $12,000,000.

No Provision Included.

Confirmation of this "shelving" policy was not obtainable from Queen's Park last night, but, in view of the fact that no provision whatever for debt retirement was included in Hon. Edward A. Dunlop's Budget presentation yesterday, it is generally believed that the Government is again reneging. Otherwise, a $5,500,000 deficit, instead of the $365,000 forecast surplus, would be evidenced on Oct. 31 next.

Stubbornness of the Tory caucus at Queen's Park is rumored to be indirectly responsible for the situation in which the Government now finds itself. Prior to the commencement of the Legislature session, the Government had under advisement a two-cent gas-tax increase, and a one-twentieth of a cent per kilowatt hour levy on all electricity generated within the Province.

Caucus Opposes.

These, it is understood, would have netted some $7,000,000 in additional revenue, and would have taken care of at least $5,000,000 in debt obligations—the amount which the Government last fall repeatedly, informally, pledged itself to retire next October.

But the caucus is reported to have raised all sorts of ruction regarding the power tax, on the ground that Hydro, which would have been affected, should remain immune from taxation. Warm opposition was also voiced to any two-cent gas-tax rise. As a result, the power levy has been dropped, and the gas tax is to be increased from five to six cents only—not to seven as the Cabinet had been hoping. A balanced Budget is now out of all question if debt obligations are to be met, so the debt payment is to be chucked overboard again, as it was last year.

The annual Hydro debt payment, however, is provided for in Mr. Dunlop's Budget.

Corporation Profits, Gasoline and Liquor Hit by New Levies

The New Taxes

Ontario's new taxation, as announced yesterday by Provincial Treasurer Dunlop—provided the Legislature prorogues before Easter—is likely to become operative from April 1, or around that date. In brief, this taxation is:

A 1-cent rise in gas tax, making 6 cents instead of 5 that the motorist will pay on every gallon of engine fuel.

A 10-cent tax on every bottle of liquor and imported wines bought at a Government liquor store, and a 25-cents-per-gallon tax on all domestic wine sold from wineries.

Higher amusement levies. Although the schedule has not been made public as yet, all tickets from 5 cents up are affected, it is understood.

Extension of existing taxation on banks, insurance companies, telegraph and telephone companies.

Tax of 1 per cent. on net profits of incorporated companies doing business in this Province.

Law stamp increases.

Provincial Treasurer Announces $365,000 Surplus, to Be Made Effective by $5,000,000 Retrenchment Program and Additional Imposts of $4,300,000

LARGER AMOUNTS FROM AMUSEMENTS

Motor Fuel to Pay One Cent More—Collection on Spirituous Liquors to Be Ten Cents a Bottle and From Domestic Wines Twenty-five Cents a Gallon—Accounting System Is Defended

A $365,000 surplus for the current fiscal year—to be made possible by means of a retrenchment program of some $5,000,000, plus new tax levies approximating $4,300,000 — was announced in the Ontario Legislature yesterday, in connection with the presentation by Hon. Edward A. Dunlop of his second Budget statement since assuming the post of Provincial Treasurer at Queen's Park.

The estimated surplus replaces a 1931 operating deficit of $456,902, and will be achieved, Mr. Dunlop revealed, even after expending $2,500,000 on direct relief to unemployment.

There was no surprise in the forecast surplus or in the drastic slash in administrative costs. Barring one or two items, the programed new taxation also had been pretty well forecast.

Distribution of Taxes.

This taxation, with the revenue anticipated from it, is distributed as follows:

Corporations tax	$2,000,000
Amusements tax	200,000
Gas tax	1,350,000
Liquor, spirits and imported wines	500,000
Wine (domestic)	60,000
Law stamps	100,000
Total	$4,210,000

As outlined to the House by the Treasurer, the corporations tax amendments, which will be placed before the Assembly early next week, will include an extension of the present taxation on banks, life insurance companies, fire insurance companies, miscellaneous insurance companies, loan companies, and telegraph and telephone companies.

Profits to Be Taxed.

A profit of 1 per cent. on the net profits of incorporated companies doing business in Ontario is also proposed by the Government. With the returns made under the Corporations Tax Act it is further proposed to incorporate the returns now made to the Provincial Secretary's Department, and to include the filing fee now paid to that department, with a principal office and a branch office tax, thus eliminating the duplication of returns which are now required of all incorporated companies.

Under the amusements tax in-