

April 3

# "Pay-as-You-Go" Policy Is Laid Down And Further Taxes at Fall Session Are Expected to End Era of Deficits

**Marriage Settlements, Property Transfers and Syndicate Units Come Under New Levies—Deficit of Past Fiscal Year Is Thirty Millions—Ten Million Dollars Estimated Revenue Increases for Current Year, Hepburn Discloses in Budget Speech**

## **GASOLINE TAX ADDITIONAL YIELD CALCULATED ABOUT THREE MILLION**

(For Budget Speech Summary See Pages 6 and 7.)

**D**ETERMINED "to pay as we go," Premier Mitchell F. Hepburn announced minor tax increases and forecast major tax changes and reforms as he brought down the Ontario Budget at Queen's Park yesterday—the first Liberal Budget in thirty-one years.

Immediate legislation will enlarge the taxable capital assessed under the Corporations Tax Act, modify the stock transfer tax, place additional progressive taxation levies on all estates exceeding a value of \$1,000,000, and increase the present surtax from 10 to 15 per cent. Property transfers to trustees or otherwise by ways of marriage settlement will be subjected to a succession duty. A \$10,000,000 revenue increase is forecast for 1935-36 from all sources.

The Premier declared emphatically that at a special session of the Legislature this coming fall legislation will be introduced to impose such taxation as will be required to balance the Budget.

### **Dominion Invasion.**

Slashing at Dominion invasion of the field of Provincial taxation, the Premier directly referred to an income tax with the declaration that the failure of the Province to enter this field had encouraged these exactions.

The Premier declared himself in accord with the principle of levying taxes on large incomes, and at the same time declared that the Province should early consider the "ill-balanced incidence of taxation in municipalities."

Ontario's deficit for the last fiscal year, the Premier announced, stood at \$30,599,249—the deficit of "the last Henry Budget." For the five months ending at current date, the Premier revealed a deficit of \$7,449,000, and forecast a deficit for the next full fiscal year of \$14,606,000.

According to Budget figures an estimated revenue increase of \$10,000,000 will be realized partially by an increase in Provincial Treasurer's Department receipts of \$6,184,000. The second major item is the gasoline tax, on which the increase has been estimated at \$2,902,000. The Department of Lands and Forests will likely account for an increase of \$430,000; the Department of Mines, \$326,000; Attorney-General's Department, \$117,000, and the Department of Game and Fisheries, \$3,600.

Charging that former Premier Henry had "manipulated, switched, juggled the accounts of last year," Premier Hepburn cited "improper" bookkeeping as he punctured "the now defunct surplus of the Henry Government."

The Premier summed up his remarks on Hydro affairs tersely, saying: "Having been relieved of its crushing and impossible burden (Quebec contracts), Hydro will go forward to greater achievements. I am pleased to reaffirm the 'Back-to-Beck' publicly owned Hydro policy' as the objective of the present Administration."

Premises of Premier Hepburn's Budget speech were threefold: First, Ontario's public debt of \$650,000,000

costs \$2,500 an hour for interest and exchange; secondly, relief expenses alone stood in the way of a balanced Budget; and finally, the Government, by adding revenue obtained from new sources, was determined to live within its means and balance its Budget.

"The Government," Premier Hepburn declared, "should avoid falling into the error that my good friends opposite have been guilty of, namely, of building up a debt year after year, which, in the short space of four years, added to the gross debt the sum of \$182,389,000."

"The present situation in respect to relief is most perplexing and will

remain so until the settled policies of the Dominion Government are known. It is impossible to either anticipate the constitutionality or effect of the social legislation of the Dominion Government, and it remains for us to watch and wait.

"Were it not for relief expenditures," the Premier declared, "we could balance the Budget. The costs of direct relief are to be met out of current revenue; in thus charging as ordinary expenditures the amount necessary for relief, we thereby create our deficit."

### **After Federal Elections.**

"But not for long. Immediately following the Dominion Federal election I propose to ask for a conference with the new Government of Canada, at which time I hope to ascertain the exact amount of relief responsibility the Dominion Government will be prepared to assume."

"With this in mind, I propose to call a special session of this Assembly and introduce legislation to impose such new taxation as will produce the desired amount of revenue to balance the Budget. In the meantime we propose to bend every effort toward further reducing administrative costs."

"We shall also determine our policies with respect to the relationship between the Legislature of Ontario and the municipalities, and review in detail our whole antiquated system of municipal government."