

Succession Duties On Large Estates To Be Increased

Premier Scores Henry Financial Presentation of 1934—New Fiscal Year Dates Initiated

A NEW succession-duty tax, a deficit of \$30,599,249.73, and a prediction of a \$14,000,000 deficit for the coming fiscal year featured Premier Mitchell Hepburn's first Budget, brought down in the Legislature yesterday.

Relief costs of more than \$16,000,000, included in the 1933-34 ordinary expenditures, contributed largely to the deficit, the Premier declared. As a means of raising additional revenue, he announced the levying of a succession-duty tax on estates of more than \$1,000,000, to be 1 per cent. progressively for each million, up to a maximum of 14 per cent.

The summary of the Budget address follows:

Mr. Speaker: In moving as I do that you now leave the chair and that the House resolve itself into Committee of Supply, I desire to occupy the attention of this honorable House for some little time in placing before the Assembly a statement as to the financial situation of the Province of Ontario. It is thirty-one years since a Budget has been

brought down in this House by a Liberal Administration, and the last Budget address delivered in this House by a Liberal Provincial Treasurer was that of the late Hon. G. W. Ross, who, on Feb. 9, 1904, presented his estimates.

A comparison of the public accounts of Dec. 31, 1904, and the public accounts of Oct. 31, 1934, is interesting. Some of the more important items are as follows:

	1904 (Dec. 31) Hon. G. W. Ross, Feb. 9, 1904.	1934 (Oct. 31) Hon. M. F. Hepburn, April 2, 1935.
Budget Address delivered—		
Funded debt	\$ 4,124,000	\$ 594,033,000
Unfunded debt	7,600,000	61,722,000
	\$ 11,724,000	\$ 655,760,000
Revenue producing and realizable assets	10,060,000	297,284,000
Net debt	\$ 1,664,000	\$ 358,476,000
Net debt per capita74	100.53
Indirect liabilities	2,600,000	97,782,000
Ordinary revenue	6,128,000	50,067,841
Ordinary expenditure	5,267,000	80,667,091
Surplus	861,000	30,599,250
		Deficit
Population	2,246,000	3,586,000
Area (District of Patricia added)	260,862	412,582
	Square miles	Square miles
Assessed value of all property	\$897,000,000	\$3,183,000,000
Total mineral production	\$ 11,500,000	\$ 144,000,000

Before dealing with the 1933-1934 Public Accounts I consider it my duty to refer to the Budget address delivered by the former Prime Minister in this House on March 1, 1934. The former Provincial Treasurer claimed to have a balanced Budget. In fact, he claimed that the financial results for the fiscal year ended Oct. 31, 1933, showed a surplus of \$476,425.61.

But that was not true, for there was no surplus; and when he uttered those words the former Provincial Treasurer must have known there was no surplus, because every effort appears to have been made to conceal the fact that, instead of a surplus of \$476,425.61, the accounts of the Province showed that there was a deficit of millions of dollars, to be exact, a deficit of \$3,734,720.03. In order to give his answer to the "Champion of the Liberal Party," the former Provincial Treasurer manipulated, switched, juggled or whatever you call it, the accounts, so that items which amounted in all to \$4,211,145.64 were incorrectly handled.

Difference in Terms.

Discussing first the question of Niagara Park water rentals, the Premier declared that \$197,711.15 in rentals was shown as ordinary revenue of both the Province and the Niagara Parks Commission, when it actually was the property of only the Commission.

The Niagara Parks Act provided, Mr. Hepburn proceeded, that revenue received should be applied to debenture interest, a sinking fund, and park maintenance costs, and any surplus should be paid annually to the Provincial Treasurer. When these rentals were seized by the Provincial Treasurer, however, he continued, the Parks Commission had not sufficient money to meet its half-yearly debenture interest, and had no sinking fund at all.

Proceeding to the matter of 5 per cent. interest paid by the Province on the sinking funds of municipalities deposited with the Government, Mr. Hepburn said that interest paid to municipalities as of Oct. 31, 1933, was \$55,544.16, which amount, he said, was incorrectly charged to surplus account, whereas it was properly chargeable to ordinary account.

Next, the Premier discussed amortization charges for discount on debentures. This item, amounting to \$92,975.82, he said, was charged to surplus account instead of ordinary account, for the purpose of "building up a fictitious surplus."

Considerable Total.

"The next item is one considerable in amount," said Mr. Hepburn, "and represents ordinary expenditure accounts held over at the end of the fiscal year which should have been paid and charged against 1933 appropriations. I am afraid I cannot compliment the former Provincial Treasurer on his originality in resorting to the practice of holding over bills and accounts in order to reduce his expenditures for the fiscal year 1932-1933. That the practice was wrong was fully understood, for it had been roundly condemned when the Ferguson Government, succeeding the Drury Administration, took over the control of the finances of the Province. I give you herewith a list of the accounts which should have been paid and charged as ordinary expenditures in the fiscal year ended Oct. 31, 1933, but which were held out in order to create a fictitious surplus.

"The items are as follows:

Department—	Ordinary
Attorney-General	\$ 29,844.83
Education	513,191.63
Lands and Forests	14,814.07
Forestry Branch	64,095.63
Surveys Branch	3,391.10
Mines	2,382.22
Public Works	33,737.19
Highways	134,167.82
Health	50,048.92
Hospitals Division	290,219.07
Labor	1,791.12
Public Welfare	134,920.37
Provincial Treasurer	58,876.77
Provincial Secretary	1,356.05
Game and Fisheries	2,571.31
Agriculture	28,925.76
	\$1,369,333.86

"The next item is the largest, and accounts for the sum of \$2,525,275.91. That amount appears in the 1932-33 Public Accounts as a deduction from interest, and is shown as being received from the Agricultural Development Board.

The Agricultural Development Board paid over to the Treasury the sum of \$2,525,275.91, but only \$995,035.74 of this amount was interest. Therefore,