

## Budget Highlights

Surplus forecast for 1936-37—\$597,985.  
 Forecast reduction in Ontario's gross debt—\$10,560,338.  
 Deficit for 1935-36—\$13,496,609.  
 Relief bill for 1935-36—\$20,363,645.  
 Record revenues for 1935-36—\$79,147,039.  
 No increase in corporation tax or succession duties pledged; no other taxes mentioned.  
 Wine tax abolished and amusement tax modified.  
 No further reductions in university grants.  
 Succession-duty-free bonds to be bought up.  
 Province to float loans on long-term market.  
 Ontario's credit throughout world shown unshaken.

## BUDGET PLAN WILL ABSORB 1936 DEFICIT

**Income Tax Revenue, Plus Relief-Cut, Sufficient to Balance Expenditures**

How Premier Hepburn plans to balance his 1936-37 Budget was revealed in the estimates brought down yesterday by the Premier. The \$13,000,000 deficit of the closing fiscal year, they revealed, is to be taken up by the \$6,000,000 revenue increase expected from the income tax and by an \$8,000,000 cut in the vote for relief.

The Premier's estimates show no evidence of any other new taxes. Slight revenue increases are expected, and these include an 8 per cent. increase in the gas tax receipts, and a 10 per cent. increase in the corporation tax revenue. The Premier's speech of yesterday knifed any idea of tax increases in these two divisions, and it was presumed the revenue increase is expected out of better conditions.

The Premier figures his revenue will gross at \$13,000,000 above that estimated for last year and nearly \$8,000,000 above the "\$5,000,000-more-than-expected" revenues actually received last year.

With these increased revenues, he proposed actually to expand some Government services next year, and still produce a surplus of \$597,985. The increase in next year's ordinary expenses is set at a little more than a million over this year's. The increased allowances are pretty evenly distributed among the departments.

A continued cut in the Province's capital expenditure—which was practically balanced by capital receipts in the past year—is slated to provide the debt reduction.

Ontario authorities were not pessimistic last night about the \$8,000,000 cut in relief money, although the cost of relief knocked out last year's calculations. They pointed out that the Province's relief expenditures have been stabilized in the last four months and assisted by an increased Federal grant.

## Hepburn Budgets For 1937 Surplus, Debt Reduction

**Closing Year's Deficit  
 \$13,496,609, or More  
 Than a Million Under  
 Estimate**

Forecasting a Government surplus of \$597,985, with debt reduction of \$10,560,338 for the fiscal year 1936-37, Premier Hepburn introduced into the Legislature yesterday a "pay-as-you-go" Budget.

Delivering his second Budget address, the Premier, in his capacity of Provincial Treasurer, announced the closing year's deficit as \$13,496,609—over a million less than he forecast a year ago.

Capital account was balanced during the closing year, and a continued cut in capital costs during 1936 is expected to effect the heralded \$10,560,338 of debt reduction—the first reduction in Ontario debt since the beginning of the century.

### "Pay-as-You-Go" Plan.

The Premier went into office on the pledge to cut expenses and raise revenues until he stopped the increase in the burdening public debt. Fulfillment of the promise is regarded as the first requisite of his re-election. Yesterday, as the second year of his Administration drew to a close, the Premier crossed his "political Rubicon," and staked his record on estimates which will make the Province "pay-as-you-go" in the coming twelve months.

He gave the Legislature a report of a past year in which his Government has turned in a deficit of \$13,000,000—all of it part of the Province's staggering \$20,000,000 relief bill.

This deficit, the Premier pointed out, was the deficit he had forecast last spring. His costs had been more than a million below what he had promised. Record revenues had climbed \$5,000,000 above his estimates and taken care of part of the unexpectedly great relief load.

### Estimates Accurate.

His estimates of last spring for the year just closing had been accurate, the Premier noted. The House should have confidence in his forecast for the coming year. And that forecast is:

"This year we are going to give the people of Ontario a cash surplus, and for the first time in this century show to the people of Ontario a reduction in the growth of the burdening debt."

The Premier made this pledge yesterday in a two-and-a-half-hour Budget Speech, which was addressed, he said, to the people and to the Legislature.

"I shall endeavor to give an accurate and understandable account of how the business of the Province has been carried on," he said. If they could trace Government expenditures, the Premier maintained, taxpayers would be more interested in Government affairs and understand better why they were called on to pay taxes.

### "The Real Heroes."

When, a little later, he announced his Government had a \$6,000,000 surplus—except for relief—the Premier again showed he was thinking of the taxpayers.

"I am sensible of the part that has been played by the people of this coun-

try who are the real heroes—the taxpayers. They have been taxed, one might almost say, to the marrow, and they have given us an exhibition of fortitude and willingness that is above praise. They have paid onerous and burdensome and sometimes obnoxious taxes with a degree of cheerfulness that reflects credit upon them."

Vibrant and strong throughout the entirety of the two-and-a-half-hour speech, the voice of Ontario's young Prime Minister rang through the House, and was audible in its last syllable to the topmost row of the packed and attentive galleries.

The Premier spoke with such vigor and stood the prolonged strain of preparation and delivery so well that he brought reassurance to his followers, who had been filled with dismay by his recent illness and threat of retirement.

### Ovation Given Premier.

Punctuated at its highlights by the applause of his followers and even at times of members of the Opposition, Mr. Hepburn's address was concluded in such a thunder and tumult of desk-thumping as the Legislature has seldom heard. And long after the House and galleries were cleared, the triumphant young orator was surrounded at his desk by scores of Ministers, members and distinguished visitors, anxious to shake the hand of the man who had delivered the most striking and important speech since the Liberal Administration began.

More than once the Premier tore into the Conservatives in the course of the afternoon. He showed the Legislature how the Henry Government was pushing the gross debt up by \$6,000,000 a month in its last months.

Conservatives had said he had increased the gross debt by \$100,000,000.

"Well, gentlemen, we have—not. We have increased the gross debt of this Province from April 1, 1935, up to and including Feb. 29, 1936, by the sum of \$14,245,657.26."