

Ontario Income Tax Repeal Is Advocated By Conservative Critic

"Conclusive Proof" That Levy Is Unnecessary Is Found in Surplus by Arthur Ellis, Ottawa M.L.A.

LEGISLATURE SPEECH

Repeal of the Provincial income tax was advocated in the Legislature yesterday by Arthur Ellis, Conservative financial critic, on the ground that it never was needed and consequently never should have been passed.

Conclusive proof of the correctness of his attitude was to be found, he said, in the \$7,000,000 surplus reported by the Government for the fiscal year ending March 31, and in the fact that under the proposed Provincial subsidy plan the Government is handing back some \$3,000,000 to the municipalities.

In leading up to this advocacy Mr. Ellis charged that during the comparatively short time the present administration has been in power, "there has been recorded the greatest increase in taxation in the history of the Province."

"Where?" put in Major James Clark (Lib., Windsor-Sandwich).

"Don't you recall the Provincial income tax?" snapped Mr. Ellis.

"We got after a lot of millionaires," put in Premier Hepburn.

"I didn't say you promised the millionaires you'd reduce their taxation," said Mr. Ellis. "What I said was you promised the people to reduce theirs, and you haven't done it."

"I'd like you to explain," Major Clark said.

Offers Free Course!

"If you'll see me privately," cracked Mr. Ellis, "I'll arrange to give you an hour's tuition every afternoon you're free."

It was estimated, said Mr. Ellis, that the Province would receive from its income tax the sum of \$2,500,000. The Government now proposed to give back to the municipalities during the next fiscal year an amount equal to one mill.

"What a farcical situation," he observed. "The Government has taken from the municipalities the sum of \$2,500,000 and now gives them back \$3,000,000. The fact remains that the municipalities of Ontario will after this year have to levy upon the ratepayers of their municipalities an additional amount to recoup them for the income tax taken by the Province. I challenge the Prime Minister to say he will continue this subsidy after next year."

"It is our intention to continue the subsidy," said Mr. Hepburn, while his supporters applauded.

"The wonder to me, Mr. Prime Minister," said Mr. Ellis, "is that you do not put through an act compelling the municipalities to turn over to the Province such proportion of their taxes as you might desire and then, next year, with a generous wave of the hand, give it back to them."

"I have here a telegram from the Mayor of your city," said Mr. Hepburn, "saying Ottawa is well satisfied with our treatment of it."

"He is one of the best-known Liberals in my constituency," Mr. Ellis retorted.

"I have here a letter from the Mayor of Toronto, in the same vein," smiled Mr. Hepburn.

Neither of the Hepburnian promises of reduced taxation and reduced capital indebtedness had been fulfilled, charged Mr. Ellis. Under

the Conservative Government, said he, taxes levied on the people of Ontario amounted to \$50,190,154 up to Oct. 31, 1934. It was now estimated by the Prime Minister, he said, that the amount of revenue which would be received up to March 31, 1937, would be \$92,221,809.51, or an increase in taxation amounting to \$43,031,655.31. That is the greatest increase in taxation ever made by any Government that ever held office in Ontario.

"On Oct. 31, 1934, the capital indebtedness of the Province was \$655,760,852.70, and on March 31, 1936, the capital indebtedness showed an increase under the present Administration of \$33,797,661.06. The Prime Minister has told us that he will expend during the forthcoming fiscal year on capital account the sum of \$31,935,643.43, so at the end of the fiscal year of 1938 you will find an increase in the capital indebtedness of approximately \$64,000,000."

New Taxes Seen.

The Prime Minister, said Mr. Ellis, had been able to balance his Budget, and show a large surplus, why not? He had inaugurated new taxes and had increased every conceivable tax to the greatest possible degree. On top of that he had had the good fortune to have received from the gasoline tax and motor vehicle licenses and the sale of liquor an unusually large revenue.

"I ask the members of this House," he said, "why shouldn't there be some reduction in the capital indebtedness of the Province when the Government has taken from the funds of the Hydro-Electric Power Commission \$21,162,206.84 in partial repayment of advances made by the Province to Hydro?"

As of Oct. 31, 1934, bonds guaranteed by the Province, amounted to \$97,782,015.91, said Mr. Ellis. And on March 31, 1936, it had increased to \$113,968,416.67, or an increase of \$16,186,400.76. "In considering the capital indebtedness of the Province," he added, "there should always be taken into consideration the potential liability of the Province under bonds which it has guaranteed."

Mr. Ellis charged that the \$7,000,000 surplus reported for the current fiscal year was not an actuality, but an estimate only.

Henry Charges Liberal Plot Set Stage for Hepburn Jest

A charge that a member of the Ontario Legislature had duped former Premier Henry into leaving the House during the Budget address so that he would become the butt of Premier Hepburn's jokes, stirred the Legislature yesterday at its opening.

Premier Hepburn himself introduced the subject, but denied he had had any part in the practical joke played on the Leader of the Opposition.

In the midst of the Premier's Budget address on Tuesday, Mr. Henry suddenly left his seat. At the time Mr. Hepburn was dealing with his Government's success in collecting taxes under the Succession Duties Act and as the Opposition Leader left his seat he made a joking remark at Mr. Henry absenting himself.

"A note reached my desk intimating that I was urgently re-

quired in my office," said Mr. Henry yesterday. "The note wasn't signed, but I have a fairly good idea where it came from. It came from a member of this House. I understand that as soon as I left my seat the Prime Minister said: 'He can't take it.'"

Mr. Hepburn jumped to his feet and denied that he had made any such remark. Mr. Henry insisted that there was a coincidence that "the people of this Province should know about." As soon as he had left his seat, after receiving the mysterious note, the Prime Minister had made a joking remark about it.

"I do not think the members of this House will believe I would stoop to tactics of that kind," retorted Mr. Hepburn. He had been dealing with the highly controversial Succession Duties Act and Mr. Henry's departure had occasioned a mild remark, he said.