

New Tax Deal Excels Sirois Plan: Hepburn

Premier Hepburn told the Legislature yesterday that the Province and the municipalities were nearly \$17,000,000 better off under the agreement to vacate the fields of corporation and income tax than they would have been had the Sirois report been accepted.

The Premier made this statement during the closing moments of a session which saw first reading given to the bill validating the transfer of these taxing powers to the Dominion Government. Mr. Hepburn agreed with the view of Leopold Macaulay, Acting Opposition Leader, that by vacating these fields of taxation the Legislature was reduced to the status of a "glorified county council."

In disputing Mr. Macaulay's contention that two-thirds of the recommendations contained in the Sirois Report were embodied in the tax agreement, Mr. Hepburn pointed out that under the Sirois Report, the Province would have yielded certain taxing rights in perpetuity, whereas under the present plan the Province vacated these fields only for the duration. The Province will receive \$14,786,000 more per year, and the municipalities \$2,123,000 more annually, under the terms of the tax transfer than would have been received had the Sirois Report been implemented, he said.

"I maintain that this is sufficient justification for the opposition we registered at Ottawa to the Sirois Report," said the Premier.

A ninety-minute explanation of the bill was given by Attorney-General Conant who described the vali-

dating legislation as "probably one of the most important bills ever introduced in this House." Mr. Conant wound up his detailed analysis with the statement that Ontario had but little choice in the matter. In the final result Ontario had little or no option but to accept and validate the agreement before the House, he declared.

Mr. Macaulay stressed that the Opposition was anxious to contribute in every way possible toward the winning of the war and would stop at nothing to help defeat Hitler. He realized, he said, that the Dominion Government held all the cards and that Ontario was in no position to take independent action. The fundamental objection to the bill was that the central authority would now raise the revenue and hand it over to the Provinces as subsidies. This would make the Provinces wholly dependent on the central authority for their budgetary position, he claimed.

"It reduces us to the status of a glorified county council, and I am prepared to be reduced to that status for the duration," said Mr. Macaulay.

"I agree with my friend that we are reduced to the status of a county council," said Premier Hepburn. "The function of the Assembly will now be largely administrative. We must bow to an overriding authority."

Abitibi Moratorium Act Will Be Extended Now

Province Gives Company Power to Appeal From Late Court Decision Allowing Sale

Legislation has been introduced into the Ontario Legislature to extend the moratorium on the Abitibi Power and Paper Company enterprise and to give power to the company to appeal from the recent judgment of the Court of Appeal permitting sale of all the assets of the company.

Sale Would Be Disastrous.

In introducing the Abitibi Power and Paper Company, Limited, moratorium act, 1942, Premier Hepburn said, "this bill extends the provision of the 1941 act until June 30, 1943. In order to protect the company from a quick sale of its assets, which I think would be disastrous at the present time, we will have to extend the moratorium provisions."

Acting Conservative Leader Leopold Macaulay said: "But the courts hold that the other bill is ultra vires!"

Premier Hepburn: "I am glad you have brought that up as it serves

as an excuse to introduce another bill, the Abitibi Power and Paper Company, Limited, Constitutional Question Act."

Should Consider Equity.

The explanatory note on this bill says: "It permits an appeal to be taken by the Abitibi Power and Paper Company, Limited, from a judgment of the Court of Appeal, March 21, 1942, which dismissed an appeal from an order of J. Middleton, dated Dec. 4, 1941, when the sale of all the assets of the company was ordered."

"It has always seemed to me," commented Mr. Macaulay, "that the bondholders felt that because the mortgage was a big one that it was not subject to the provisions of the Moratorium Act, while the little fellow is. It is most unfortunate that this big enterprise is in the hands of men who do not seem to realize that there are equitable considerations which should be advanced in times like these."