

and, by certain small economies in the management of the diocese, I effected a saving of some hundreds of dollars in current expenses. By these means, without reducing the area of our work, I am thankful to say I have brought about a considerable diminution in our expenditure. But of necessity the changes I have made involve in certain directions a decrease of efficiency in the work.

Even yet our condition is critical enough, as the appended statement shows our over-draft on the 30th June last was \$5,726.83. But this amount represented the whole of our shortage for the year. There had been no Missionary Reserve Fund to draw upon. This overdraft, however, had been somewhat reduced during the months of July and August, in consequence of the changes alluded to above, most of which began to take effect at Easter. On the 31st of August we were overdrawn \$4,784.35 (Mission Fund, \$4 070; advances on salaries, \$71; General Fund, \$643.35).

One serious feature of our position is the uncertainty of our income. For the larger part of our annual revenue we are dependent upon the varying moods of our brethren in Canada and England. They mean to do well by us, but the constant pressure of other claims, and the difficulty of realizing the magnitude of our needs, owing to the lack of information, and possibly lack of pains and want of thought, to say nothing of a widespread feeling that after all these years Algoma should be able to get on with less outside aid, combine to make the flow of the Church's liberality towards us irregular and uncertain.

The only really fixed and certain items in the revenue of our Mission Fund have been the annual grants of the two great English societies, the S. P. G. and the C. & C. C. S., together with certain smaller donations in Canada and England. In the aggregate the pledged amounts did not exceed \$6,000, while the total sum required to pay our annual grants to missions was about \$16,000. Some \$10,000 remained, therefore, to be collected by the precarious methods of public appeal and personal solicitation. This was for the payments of stipends only. There still remained the expenses involved in the management of the diocese not provided for by diocesan contributions.

Of course certain large donations were morally sure to come; e. g., from the Domestic and Foreign Mission Board; from the ever-generous Woman's Auxiliary; and from old and devoted friends of the diocese. An English Algoma Association had been established for prayer and work on our behalf, and was sending from year to year material aid. But these donations were not fixed in amount, nor in any way pledged to us, and the element of uncertainty was consequently very great. I believe it was this uncertainty which weighed most heavily upon the Bishops.

If the various dioceses of older Canada

would pledge themselves to pay into our Mission treasury year by year the sums which, until my election, they were accustomed to pay to the Episcopal Stipend Fund; and if the Domestic and Foreign Mission Board would adopt the rule followed in the United States and tell us beforehand, year by year, how much, at the lowest estimate, we might count upon receiving from them, trusting to the Church to make up the amount they promise, and seeing that it is raised and paid; and if the Woman's Auxiliary, our never failing friend and supporter, instead of waiting for special and moving appeals, would promise, year by year, as it has promised to certain of the more western dioceses, fixed grants for our mission work, appropriated or otherwise, as might seem best, leaving special appeals to take their chance afterwards according to their merits, the relief to the Bishop would be unspeakable, and the diocese at large would, I feel sure, be the gainer in many ways. For the support of the living agent is of necessity the first and great requirement in missionary organization.

The position is critical, but it is by no means hopeless. For a few more years we shall need the liberal support of our brethren, and at the present time we need to be lifted out of the state of chronic indebtedness into which we have fallen. But I am persuaded that a future of comparative prosperity and of great usefulness awaits us. I feel sure we shall not be deserted by our friends in this period of emergency, and I confidently anticipate that out of the present strain and anxiety will come good in the form of increased efforts on the part of our people to help themselves.

Before leaving the subject of finance I feel bound to express my conviction that we need a Treasurer nearer at hand. Sensible as I am of the value of Mr. Kemp's services—and we can hardly expect to find so competent, painstaking, and thorough a treasurer outside the cities—I feel that not even efficiency and fidelity such as his outweigh the difficulties involved in his being 500 miles away from "Bishophurst." Therefore, grieved as I am at the thought of losing Mr. Kemp's assistance, I feel that it will be almost a necessity to make a change at no distant date.

Appended is the Treasurer's statement of accounts for the three years ending June 30th, 1898.

THE CONDITION OF THE DIOCESE.

The condition of the diocese is revealed, to some extent, by the financial statement. We are yet weak; weak in numbers, in wealth, in Church feeling, and, I fear also, in missionary zeal. Our field is yet new; our population struggling and shifting. The country is not likely to develop rapidly, being phenomenally broken by lakes, rivers, marshes, and vast ranges of rocks.

It has been said that the older Canadian dioceses have as real missionary work to do as we have. This is both

true and misleading. Other dioceses have missionary areas, such as Labrador and the country north and west of Pembroke. But they have also their cities—Quebec, Montreal, Ottawa, Toronto—to say nothing of well settled districts, where solid prosperity is the rule. We have practically nothing but missionary areas; no city; no place likely in the remote future to attain to the dignity of a city; no accumulations of wealth; to the best of my knowledge and belief not one man who, in a city such as Montreal, would be called wealthy. There are but three places which can support themselves: Sault Ste. Marie, Port Arthur, and Fort William. And they do this only by a determined and continuous struggle. Add to this that we are overrun with sectarianism, our people being few among the few, and the picture of Algoma's weakness is complete.

Yet weak as we are real progress is being made. In the south-eastern portion of the diocese, embracing the districts of Muskoka and Parry Sound, we have a country which, though very rocky, bids fair in due time to rival the country parts of older dioceses. The central portion, from North Bay to Sault Ste. Marie, is yet largely unsettled and very rough.

But at certain points, and especially around the Sault, and for forty or fifty miles east of it, it is slowly and surely filling up, as it deserves to do, both for its beauty and because the soil is good. The five hundred miles west of Sudbury and Sault Ste. Marie are yet a wilderness, and likely to remain so, until capital is forthcoming to develop their mineral resources, which are unquestionably great. But at the extreme western end of this region, in and around Port Arthur and Fort William, the progress is marked in many ways. Fort William, in particular, is obviously growing into an important centre.

That the Church is slowly but surely advancing with the country the following facts bear witness: Sault Ste. Marie has become self-supporting since my consecration. Last Easter eight missions agreed to increase their assessments towards their clergyman's stipend. The debts remaining upon the churches at Huntsville, Bracebridge and North Bay have been reduced in each case by between two and three hundred dollars. A parsonage has been built and nearly paid for at Sudbury, where a most gratifying spirit of devotion and enterprise has been manifested. At Garden River, too, a parsonage has been erected and paid for, the Indians doing much of the work themselves. Encouraged by grants from the Marriott bequest, the missions of Baysville and Beatrice are building modest but suitable churches. Rosseau has finished and furnished its new chancel and greatly improved the parsonage. Burk's Falls has made its last payment upon its parsonage. A new log church has been finished and consecrated at Goulais Bay. The churches at Powassan and Dufferin Bridge have been cleared