

PROVINCIAL LEGISLATURE.

First Session of the Seventh Parliament.

NINETEENTH DAY.

MONDAY, December 17, 1894.

The Speaker took the chair at 2 p.m. Prayers by Rev. Canon Bealmond.

Mr. McGreger presented a petition from the Corporation of Nanaimo respecting a new official survey.

Mr. Eberts presented the fourth report of the private bills committee, stating that the regulations have been compiled with respect to the petitions of the Victoria Hydraulic Mining Co., the Columbia & Kootenay Railway and Navigation Co., the Nanaimo Waterworks Co., and the Burrard Inlet & Fraser Valley Railway Co.

The committee recommended that the time for receiving petitions for private bills be extended a few days to enable the City of Westminster to present one; and also that the time for reporting private bills be extended to 31 days.

On motion to adopt the report Mr. Kitchin and others objected and the motion was accordingly stood over.

RAILWAY COMMITTEE.

Mr. RICHIE presented the first report of the railway committee, recommending that the quorum be reduced to seven.

Mr. Searles suggested that the number of members of the committee might be reduced from 18 as at present to say 9—the number of the mining committee.

The report was adopted after discussion.

BILLS INTRODUCED.

The following bills were introduced and read a first time:

To amend the county courts act—Mr. Eberts.

To amend the cattle act and its amending acts—Mr. Prentiss.

To amend the municipal act amending act, 1893—Hon. Mr. Martin.

NEW BUILDINGS CONTRACT.

Mr. WILLIAMS moved for a return giving copies of all contracts entered into by the government relating to the building of the parliament buildings, and all bonds or other securities given for the fulfilment of such contracts. Motion agreed to.

COMMITTEE OF SUPPLY.

Hon. Mr. MARTIN moved that the house proceed to the order of the day. (Government order—committee of supply.)

Mr. Searles protested against going into committee of supply until the accounts to the 31st of October asked for by the public accounts committee are brought down, and before that committee has reported.

Hon. Mr. DAVID expressed surprise that such an objection should be raised now, as the proper time to make it was several days ago when it was intimated to the leader of the opposition that the budget speech would be delivered to-day. The government having made their arrangements in the expectation that there would be no objection, several bills which might otherwise have been prepared are not ready to be gone on to.

He pointed out that the information mentioned by the leader of the opposition is not at all essential for the discussion of the budget. It seemed to him that the opposition simply wanted to gain time in the hope of finding some ground for taking the government to task when after diligent search they have not yet discovered any.

Mr. RICHIE thought that there was scarcely any necessity for deferring this motion, as the information asked for by the public accounts committee would be ready to-morrow morning.

The SPEAKER suggested that the time to make objection should be when the motion to go into supply should be made, and that the proposed motion in amendment should be deferred until then. This suggestion was adopted.

THE BUDGET SPEECH.

Hon. Mr. TURNER—I have again the honor, Mr. Speaker, to propose the resolution for going into committee of supply. Last year when I spoke to the same resolution I said that it was for the eighth time and it might be the last. Curiously enough this statement was seized by the opposition and it was said to be evident that I felt the weakness of the government and intended to desert the sinking ship. Now, it is very certain I had no such thoughts in my mind. Had the ship been a sinking one I do not think I am of the sort that would have deserted it in the circumstances. I was, under the circumstances, just such as might have been made appropriately by any member of the house. We were then on the eve of a general election, and outside of all other contingencies to which we are liable certain there must be an element of uncertainty as to the result of such an election. We have only to look round this house to see the truth of this. We have many new members, and a number of old friends on both sides are missing. It is not surprising that at that time of the success of the government at the polls, but still, as I said before, there was an element of uncertainty about it, and added to this there was the positive and energetic assertion of our friends of the opposition, constantly repeated, that they were entirely certain of the result of the polls. They were sure that this government would be swept away root and branch, that their places would know no more, and that no one would lament them. They said, indeed—and they had repeated this assertion over and over again for two or three years—that the government did not represent a majority of the votes of the country, that they were a minority in the majority by several thousands. One friend—the honorable member for Chilliwack I think it was—was very strong on this point. I did not pay very much attention to this, as it was certain that the government would not be proved or disproved. I therefore accepted it for granted. Allowing this, I say, what a change must have come over the electors before the general election took place! How convincing must have been the methods of the opposition in showing that it was not the government but themselves—the opposition—that were not to be trusted with the reins of power! For what do we find now? The total votes were 32,065, of which the government got 18,938, or 4,991 more than their opponent. Add to this the several thousands the opposition say we were a minority, and we see the hurricane by which the opposition were swept out at the last election; and yet the junior member for Vancouver says the government majority is only 342 for the whole province! The way he arrives at this is somewhat remarkable. Take, for instance, New Westminster, where the votes were government 574, and opposition 597, a difference of only 23. He actually claims the whole vote, 1,171, as opposition, although we know very well that almost exactly half of that vote is misappropriated by the opposition member in East Lillooet. Again, the total vote was 165. The whole of this our friend put down as opposition since an opposition man was returned there, and yet we find that 22 of those voters were government supporters and 33 oppositionists. Very truly these calculations are fearfully and wonderfully made! But the electoral battle has now been lost and won, and leaving this matter I will proceed to business which may more profitably be discussed.

When the statement of revenue and expenditure was made in February, 1893, it

was estimated that on the 30th June last there would be approximately \$100,000 at the credit of the province, whereas as a fact, owing to abnormal circumstances, we find ourselves with a liability of over \$1,000,000 to the extent of \$230,290, making an actual difference from the estimates of over \$330,000. This arises, to treat it as a whole, from the revenue being below the estimates made of it by \$227,000, whilst at the same time the expenditure, taking in the peculiar conditions, exceeded the estimates by nearly \$1,000,000. The difference is so large that it is important that we should examine into it. We know pretty well what caused the decline in revenue—that long after the estimate was made the land sales were very low throughout the world swept over this province. We find that the land sales, estimated at \$175,000, produced only \$33,000, this one line of revenue accounting for nearly three-quarters of the total shortage. It will not, doubtless, be repeated, as it has been done, that the government estimate of land sales was absurdly large. In reply to that I can only say that but for the great collapse in trade generally throughout the province, which commenced as it did in the latter part of the time—in January or February 1893—when these estimates were made, there is little doubt but that we should have got quite up to the amount we estimated on. This statement is confirmed by the fact that there is a very large amount of arrears for land sales to be collected, of which I shall speak later. The charge may be and probably will be made by some that the government should have known that the sale of land was stopped, by which the sale of land was stopped, and that under such conditions, and which must reduce the revenue to be derived from this source, should have been taken into account. As a matter of fact it was so taken, but it was felt, however, that with the payment to fall due during the next eighteen months from January 1893, and with some sales of special blocks of land by auction, the amount put down would be fully realized. At that time it was intimated that the parcels of land in good situations should be sold by auction as in former years; but when the unfortunate collapse came and we saw the results of private attempts to dispose of lands in Victoria and Vancouver by auction, it became evident that it would be unprofitable for us to put up our land as contemplated. I freely admit that I was quite unable to foretell fifteen months ahead the general collapse of trade that was to come upon us and which, however, it was in the end, the laws referred to, caused the great decline.

The revenue from licenses fell off some \$8,390 from the estimate. This arises principally from the formation of new municipalities in 1893-4, viz: Kamloops, Vernon, Spallumcheen and Kaslo. These accounts for at least \$7,000 of the decline under this head. You are all aware that municipalities, when formed, collect the license within their limits. The considerable decline under the head of miscellaneous arises chiefly from the decrease in the number of private bills this session, and from the stenographers' fees not being paid into the treasury. The principal source of deficit, however, after that of land sales, came under the revenue tax, \$14,390 real estate tax, \$23,386 and personal property tax, \$9,212. The revenue tax decline is due to the fact that by the change of the education act a portion of this tax, which had previously been collected by the government, was handed over to the cities. The decline under real estate tax is due to the fact that the rate of this tax is still due to the formation of new municipalities, but more largely to the general depression of trade throughout the province. The amount of the estimates for the year 1893-4 was \$1,000,000. The actual revenue, however, was only \$700,000. The fact that the amount due has not been paid, and this remark applies also to the decline in wild land tax, some \$20,000. I may say that all these arrears stand on our books as assets, and it is not, as I contend, good assets to a very large extent at any rate. They are in fact about the same as the accounts in a merchant's books that are overdue; with this exception, however, that in the case of the government the security of the revenue could be enforced. The decline in revenue under the Chinese restriction act—\$3,000—simply shows that fewer Chinamen have come into the province, and this must be gratifying to the population of our community who would willingly see this description of revenue still further reduced. There are a few sources of revenue which have exceeded the estimates. These are mining receipts, \$8,545; stamps, \$1,000; and fees, \$1,845. The first is a very encouraging nature as it indicates increased development of our mineral wealth, and I am glad to say that improvement is still going on in this direction, and it is probable that more mining works of importance are being carried on and will be carried on during next year, than we have known for a very long time. Accounts from old Cariboo show that a new era of prosperity is dawning there, and that it will not be long before we find that country once more the great mining centre of British Columbia—at any rate in the way of gold. I sincerely hope that this will not be the case. On turning to the expenditure for the same year (1893-4) we find that it exceeded the estimate made of it by some \$100,000. This, as shown by the public accounts, arose largely from public works. Owing, therefore, to circumstances that could not be guarded against, we found ourselves on the 30th June with an overdraft as already noted.

Now, turning to the present year, we are still in a period of depression, and it is almost certain that the estimate will not come up to what it was estimated to be. A large amount, while on the other hand our expenditure must be far ahead of the estimate, as will be seen from the supplementary now before you. To show that a large number of public works by the way of roads, bridges and so forth have had to be put through owing to the unprecedented floods, which did so much damage during last summer. The effects of these floods, sweeping away what they did roads, bridges and valuable property generally, were so great that ruin was staring many in the face. In this crisis the government came forward immediately, providing relief and enabling settlers to put in fresh crops and get another fair start; and then, taking up the vital matter of restoring communication, rebuilding bridges and roads, which work is still going on. These were, however, no votes of the house for such works, but the government felt that the urgency was so great that they must be carried out at once, and I feel pretty confident that this house will cheerfully pass the votes for all the expenditure incurred through these special conditions. I may say that the general over-expenditure will probably amount to \$250,000, and taken in connection with a possible fall-off in revenue, this points to a very large overdraft on the 30th June next. If we are able to get in the revenue as we should do this overdraft will be proportionately reduced, but it indicates at any rate to us that it will be necessary to call for another loan in the near future.

I will now take up the revenue and expenditure for the year commencing the 30th June next. The revenue is estimated to amount to \$1,035,999. It will be observed that the sum of \$184,000 is put down for land sales. It is necessary that this should be referred to, particularly as last year these produced only \$33,000. But there is a large amount to which I have already alluded called attention standing in our books for arrears on account of land sales, and it is intended to take special means to get in such arrears. The same remarks apply to timber royalties. The arrears in respect of personal property and wild land taxes. The arrears from mining receipts was put down at \$40,000, an increase of \$14,000 over last year's receipts. We have evidence, however, that this amount is a very low estimate. I think that there is a possibility of carrying out a considerable amount of the present receipts, there being but slight variations from the present receipts. The amounts put down for assessment duty and Chinese restriction tax there really can be no doubt about. They have been made small and quite possibly may be considerably exceeded. I may say that there is very little doubt that the entire estimate of revenue is a conservative one, taking into account the special means which will be used during the next eighteen months to collect outstanding.

We will turn to the other side of the account, that of expenditure, which amounts to \$1,219,277, about \$50,000 more than the estimate of the present year. This, however, includes all temporary and special services, and it may be relied upon that this amount will not be exceeded to any appreciable extent; in fact with unpaid balances it will probably not amount to so large a sum as the estimate. On the other side of the account there is an apparent increase over the votes of the present year, which including the supplementary were \$152,000, whereas the coming year is estimated to be \$147,000. The difference, of fact, there is a considerable reduction from the previous votes under several heads. Land Registry, for instance, has been reduced by \$8,000. Under Lands and Works there is also a considerable reduction, the estimate of the present year being \$1,000,000, whereas the coming year is estimated to be \$920,000. The reduction in the estimate of the present year is due to the fact that the estimate of the present year does not include the supplementary amount that is to be asked. Several clerks in this department were paid under the estimate of the present year, but in the present estimate all this is put into the regular vote. In the Attorney-General's department there is an apparent increase of \$1,800. This arises from a vote being put in for a crown attorney. In reality this vote was paid for last year, but it is placed in the present estimate as it is put into the regular vote. In the Attorney-General's department there is an apparent increase of \$1,800. This arises from a vote being put in for a crown attorney. In reality this vote was paid for last year, but it is placed in the present estimate as it is put into the regular vote.

Public institutions maintenance shows an increase under the head of salaries of \$20,000 in all, but when we take into account that the police force of the province will be entirely reorganized with a view to greater efficiency, and that there are votes for ten years' maintenance of the police force, the view of giving police protection for the islands and coast districts, and that stipendiary magistrates have been added for Union, Fort Steele and Nicola, it will be seen that this is actually a smaller amount than was paid for last year. The same may be said of the vote for the maintenance of the police force, which has been made absolutely necessary in connection with the subjects to which I have already alluded.

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per cent. each. This rate would not be a hardship for any honest trader to pay. It will give him ample time, and the result will be to bring in a very large and useful addition to the revenue. It should, of course, bring in at least \$200,000 yearly, enough, as you will see by the estimate, to have only put down at \$180,000. The arrears of taxes it is also the intention of the government to collect as far as possible before the 30th June, 1896, at any rate. But even with this addition to our revenue it is evident—owing to the general depression arising from circumstances which I have before mentioned and the large expenditure which was so much beyond our expectations of it owing to the Chinese restriction tax—that it will be necessary for the government to raise money by borrowing on the public works of the province, the proceeds of this loan to be devoted to the building of roads, bridges, trails and other means of opening up communication between our various centres, and to carrying out the public works of the province, to promote their prosperity and indirectly through them increasing our provincial revenue. There is little doubt that the present is a favorable time for us to borrow. Our debts are first class, and we should probably get a high price for our securities. I refer to this here, but shall leave further remarks on the subject until the bill is brought in. I wish, however, to state my conviction that we should not be afraid to make liberal expenditure for such public works as I have indicated. If we refer to the public accounts we can see the effect of the expenditure of the last loan in increasing our revenue. After the 1887 loan, owing largely to the development of the province, our revenue went up rapidly, and, the 1891 loan, as will be seen, tended to continue the increase. Leaving out the land sales, we find that the revenue from 1888 to 1893 was up year by year, especially in 1893, when it was \$555,137, \$599,934, \$715,449, \$806,487, and in 1893 \$841,012. It is evident from these figures, which are, as I have before said, exclusive of land sales, that the right course for the province to pursue is to steadily continue improving the means of giving access to it by works of public utility. Even last year, which as I have said was an exceptional one owing to calamities and depression of trade, our revenue exceeded the estimate by \$764,653, and there are arrears amounting to that year to be collected of at least between \$80,000 and \$70,000. I feel certain that the roads and other public works provided for in the present estimates will be the most judiciously selected, and that by increasing settlement and by assisting the already settled portion. Only recently I may say, the attention of very desirable immigrants has been in a marked manner attracted to our province. They begin to realize that this is a most desirable country for them. The Minister of Immigration is relieving inquiries and propositions for settlement in colonies or otherwise from a very large number of desirable people. I believe, and I think that he is right, that some thousands of prospective settlers at present.

This is certainly not the time for us to feel depressed or to despair. We have a country with an climate well adapted for industrious immigrants; we have plenty of land capable of growing the finest fruits, root crops or grain in the world, and an unlimited supply of fish free to all. Our sea fisheries have yet hardly been touched. We have enormous undeveloped minerals equal to the most fertile mines of any other country. It is to be regretted that the province is to-day—its exports and imports—show that there is a vast field for industry, energy and capital, and that these are not being developed. Our exports last year amounted to \$7,348,000; \$3,211,543 being the product of the mill, \$3,541,305 from the fisheries, \$411,623 from the forest, and in a year when the timber industry was greatly depressed. Our exports in the year 1893 were \$7,348,000, meaning work for the settler and profit for the investment of capitalists. Our imports in the same year were \$5,320,615. One portion of the imports is, as I have said, made in the province, and in a year when we should be exporting fruitfully, as an immense number of fruit trees have been recently planted in various parts of the province.

With such resources as I have named why should we be spending a few thousands to develop them, more especially at a time when expenditure in this direction increases the returns of revenue. In addition to these advantages which the province presents to the industries, we have a further complete liberty of trade, education, thoroughly free and unsectarian education, perfect laws protecting poor and rich alike, and absolute safety from violence. These are the natural wealth of the province, the means to make this a populous and prosperous country. And yet in the face of all this we find gentlemen on the other side of the house showing discredit on the whole of the province. One gentleman has already said this session that the honorable member for East Lillooet would have no objection to the fact that the revenue was steadily falling, going, as he said, down, down, down, was absolutely correct. If he looks at the figures which I have just given with respect to the revenue—and they are absolutely correct—we see that it has steadily increased every year until the present one. It has gone in fact from \$985,000 in 1887 to \$841,012 in 1893, exclusive of land sales, and it is very difficult for those who do not wish the spectacles of our friend of the opposition to call this a decrease.

Then we have another gentleman from the opposition complaining that the province has a high price for its securities. He says that they are not worth 98 or 99—the price at which they are quoted and sold in the London market; that this price arises from their being bolstered up by our investing our sinking funds in them, and that we have no business to let them stand at so high a price. It is, he says, "dishonest" to do so. Papers in relation to the sale of the Nakusp bonds were called for and the letters (principally private ones) in connection with the whole of this transaction were placed in the hands of these gentlemen. When they had read them they dropped the charge against the sale of the Nakusp bonds, but said that the letters showed that the honorable and energetic gentleman high in fact, and that this arose from our buying them up with our sinking funds. Now it is quite true that we invest our sinking funds in our own securities. This principle is provided for in the loan act, and is the one adopted by the Dominion and other borrowing countries. No doubt it has the effect of keeping up the price of our securities. It is intended to do so, and is a very proper method, as every one invested in that way pays off so much of our debt at once. We send home annually about \$500,000 as sinking fund for our loans, to be invested by trustees in the interest free bonds of the Dominion, and the amount so sent home is sufficient when in-

vested and accumulated to pay off the loans as they mature. The trustees of our sinking funds—Messrs. Thompson, Gillespie and the Bank of Montreal, Messrs. Glyn, Mills, Currie & Co.—are gentlemen of the highest standing in England. They look carefully after our funds and invest them to the best advantage possible in our own securities at the market rate. About a year ago the purchases were made at 87 or 88. We were told this was too high, and yet now the same securities are worth 98 or 99. Let us glance at what this investing of the sinking funds in our own securities really means. Until two years since the money sent home for the purpose of paying off our debt was invested in Canadian, Australian or other bonds, the accruing interest being deposited and accumulated in a similar way. These bonds and accumulations would be held until our loan fell due, then the proceeds of them with all the accumulated interest would be paid over to the holders of our securities, thus paying off the debt. When interest in our own securities instead of in outside ones really was paid before, we pay off so much of our own debt, but we do not cancel it but hold on to the securities until maturity. When that time arrives, as we are the holders of these securities, we pay the accumulated funds to ourselves. Of course the purchase every year by us of some \$500,000 worth of our own loans must improve the value of the remaining portion as it reduces yearly the amount that has to be put on the market for sale. The public accounts show that in the past year we have so invested not only the amount required for sinking fund but have also sold 25,838 of Australian 4 per cent. to the extent of \$2,100,000. We get for the former 10½ and the latter 10½, the proceeds being invested in our own 3 per cent. bonds at 88, so that for every \$100 of the Australian we get over \$122 of our own 3 per cent.—a very good arrangement, particularly when we consider that both of the securities sold had not a long life and must every year decline in value until maturity, when each bond we sold at 105 would only bring 100. We also sold in 1893 213,910 of Canadian 3 per cent. getting for this an average of about 97; the proceeds were invested in our 3's at 91½. These investments indicate how well our trustees look after our funds.

"But," continued the honorable gentleman who complained of our 3 per cent. being too high, "they must be inflated, because the Nakusp bonds, which bear 4 per cent. and are guaranteed by the government, principal and interest, brought only 108." Now this gentleman could hardly have considered the subject he was talking about. He should and I think must have known that a guaranteed bond is not equal to the regular provincial security. He has only to look at ordinary business transactions and see that a bond guaranteed by a firm of the highest reputation, does not rank in any bank with the straight note of the wealthy firm. He must see, too, in any financial transaction, that a bond guaranteed by a principal and interest, do not rank on a par with the securities of the country that guarantee. This was fully illustrated by the 4 per cent. bonds recently issued by New Zealand, which were sold at 101, whilst New Zealand 4 per cent. are worth 109 or 110. But this gentleman who compared the Nakusp bonds with the provincial bonds and said that the former were worth only 108, overlooked the fact that these bonds are of a different class. The provincial securities are for 50 years. They are inscribed, thus being perfectly secure from loss, and they have sinking fund interest which pay them off at maturity; whereas the Nakusp bonds are for 25 years only, this of itself making them of less value; they are not inscribed and cannot be, they have no sinking fund, and beyond that cannot be invested in under an act authorizing investment in provincial securities. There is, in fact, no comparison between the two. Another gentleman said that we assured the country we should guarantee these bonds at only 3 per cent. interest, and we have shamefully deceived the public by making them 4 per cent. I think that gentleman hardly realized that as far as the province is concerned it is a good deal better off by guaranteeing 4 per cent. than 3 per cent. It is true that the lower rate was what we intended to issue at, but the best advisers showed us that we should do much better at 4 per cent., and we soon found that at 3 per cent. we could only get 88, and that the difference that was to be made up by the province. On the other hand selling the 4 per cent. at 106 enabled the excess over par to go to the provincial treasury for a further complete liberty of trade, education, thoroughly free and unsectarian education, perfect laws protecting poor and rich alike, and absolute safety from violence. These are the natural wealth of the province, the means to make this a populous and prosperous country. And yet in the face of all this we find gentlemen on the other side of the house showing discredit on the whole of the province. One gentleman has already said this session that the honorable member for East Lillooet would have no objection to the fact that the revenue was steadily falling, going, as he said, down, down, down, was absolutely correct. If he looks at the figures which I have just given with respect to the revenue—and they are absolutely correct—we see that it has steadily increased every year until the present one. It has gone in fact from \$985,000 in 1887 to \$841,012 in 1893, exclusive of land sales, and it is very difficult for those who do not wish the spectacles of our friend of the opposition to call this a decrease.

Then we have another gentleman from the opposition complaining that the province has a high price for its securities. He says that they are not worth 98 or 99—the price at which they are quoted and sold in the London market; that this price arises from their being bolstered up by our investing our sinking funds in them, and that we have no business to let them stand at so high a price. It is, he says, "dishonest" to do so. Papers in relation to the sale of the Nakusp bonds were called for and the letters (principally private ones) in connection with the whole of this transaction were placed in the hands of these gentlemen. When they had read them they dropped the charge against the sale of the Nakusp bonds, but said that the letters showed that the honorable and energetic gentleman high in fact, and that this arose from our buying them up with our sinking funds. Now it is quite true that we invest our sinking funds in our own securities. This principle is provided for in the loan act, and is the one adopted by the Dominion and other borrowing countries. No doubt it has the effect of keeping up the price of our securities. It is intended to do so, and is a very proper method, as every one invested in that way pays off so much of our debt at once. We send home annually about \$500,000 as sinking fund for our loans, to be invested by trustees in the interest free bonds of the Dominion, and the amount so sent home is sufficient when in-

vested and accumulated to pay off the loans as they mature. The trustees of our sinking funds—Messrs. Thompson, Gillespie and the Bank of Montreal, Messrs. Glyn, Mills, Currie & Co.—are gentlemen of the highest standing in England. They look carefully after our funds and invest them to the best advantage possible in our own securities at the market rate. About a year ago the purchases were made at 87 or 88. We were told this was too high, and yet now the same securities are worth 98 or 99. Let us glance at what this investing of the sinking funds in our own securities really means. Until two years since the money sent home for the purpose of paying off our debt was invested in Canadian, Australian or other bonds, the accruing interest being deposited and accumulated in a similar way. These bonds and accumulations would be held until our loan fell due, then the proceeds of them with all the accumulated interest would be paid over to the holders of our securities, thus paying off the debt. When interest in our own securities instead of in outside ones really was paid before, we pay off so much of our own debt, but we do not cancel it but hold on to the securities until maturity. When that time arrives, as we are the holders of these securities, we pay the accumulated funds to ourselves. Of course the purchase every year by us of some \$500,000 worth of our own loans must improve the value of the remaining portion as it reduces yearly the amount that has to be put on the market for sale. The public accounts show that in the past year we have so invested not only the amount required for sinking fund but have also sold 25,838 of Australian 4 per cent. to the extent of \$2,100,000. We get for the former 10½ and the latter 10½, the proceeds being invested in our own 3 per cent. bonds at 88, so that for every \$100 of the Australian we get over \$122 of our own 3 per cent.—a very good arrangement, particularly when we consider that both of the securities sold had not a long life and must every year decline in value until maturity, when each bond we sold at 105 would only bring 100. We also sold in 1893 213,910 of Canadian 3 per cent. getting for this an average of about 97; the proceeds were invested in our 3's at 91½. These investments indicate how well our trustees look after our funds.

"But," continued the honorable gentleman who complained of our 3 per cent. being too high, "they must be inflated, because the Nakusp bonds, which bear 4 per cent. and are guaranteed by the government, principal and interest, brought only 108." Now this gentleman could hardly have considered the subject he was talking about. He should and I think must have known that a guaranteed bond is not equal to the regular provincial security. He has only to look at ordinary business transactions and see that a bond guaranteed by a firm of the highest reputation, does not rank in any bank with the straight note of the wealthy firm. He must see, too, in any financial transaction, that a bond guaranteed by a principal and interest, do not rank on a par with the securities of the country that guarantee. This was fully illustrated by the 4 per cent. bonds recently issued by New Zealand, which were sold at 101, whilst New Zealand 4 per cent. are worth 109 or 110. But this gentleman who compared the Nakusp bonds with the provincial bonds and said that the former were worth only 108, overlooked the fact that these bonds are of a different class. The provincial securities are for 50 years. They are inscribed, thus being perfectly secure from loss, and they have sinking fund interest which pay them off at maturity; whereas the Nakusp bonds are for 25 years only, this of itself making them of less value; they are not inscribed and cannot be, they have no sinking fund, and beyond that cannot be invested in under an act authorizing investment in provincial securities. There is, in fact, no comparison between the two. Another gentleman said that we assured the country we should guarantee these bonds at only 3 per cent. interest, and we have shamefully deceived the public by making them 4 per cent. I think that gentleman hardly realized that as far as the province is concerned it is a good deal better off by guaranteeing 4 per cent. than 3 per cent. It is true that the lower rate was what we intended to issue at, but the best advisers showed us that we should do much better at 4 per cent., and we soon found that at 3 per cent. we could only get 88, and that the difference that was to be made up by the province. On the other hand selling the 4 per cent. at 106 enabled the excess over par to go to the provincial treasury for a further complete liberty of trade, education, thoroughly free and unsectarian education, perfect laws protecting poor and rich alike, and absolute safety from violence. These are the natural wealth of the province, the means to make this a populous and prosperous country. And yet in the face of all this we find gentlemen on the other side of the house showing discredit on the whole of the province. One gentleman has already said this session that the honorable member for East Lillooet would have no objection to the fact that the revenue was steadily falling, going, as he said, down, down, down, was absolutely correct. If he looks at the figures which I have just given with respect to the revenue—and they are absolutely correct—we see that it has steadily increased every year until the present one. It has gone in fact from \$985,000 in 1887 to \$841,012 in 1893, exclusive of land sales, and it is very difficult for those who do not wish the spectacles of our friend of the opposition to call this a decrease.

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