

ESTIMATED EXPENDITURE, 1933—Continued.		Per Cent. of
Brought forward	\$22,860,717.22	Expenditure.
7. Department of Public Works:		89.56
General administration	\$270,994.24	
Maintenance of public buildings, roads, bridges, etc.	2,395,929.50	
	2,666,923.74	10.44
	\$25,527,640.96	100.00

PUBLIC DEBT.

13. THE ALARM WHICH MUST RESULT FROM A PERUSAL OF THE FOREGOING RECORD OF THE DEFICITS OF THE PAST TWENTY YEARS CAN ONLY BE INCREASED WHEN THE FOLLOWING STATEMENT OF THE ANNUAL INCREASES IN OUR PUBLIC DEBT IS CONSIDERED:—

31st March.	Gross Debt less the Investments in the Sinking Fund for its Redemption taken at Cost.
1914	\$23,923,023.03
1915	32,184,060.38
1916	38,336,433.28
1917	40,658,035.63
1918	40,836,976.75
1919	45,910,287.85
1920	51,309,260.48
1921	67,449,828.25
1922	75,615,286.53
1923	79,400,009.16
1924	81,881,979.95
1925	86,012,732.91
1926	84,247,206.90
1927	85,271,448.35
1928	87,837,921.25
1929	91,773,063.51
1930	100,651,131.49
1931	114,169,559.98
1932	119,084,635.37

The last mentioned figure does not include any indebtedness of the Province to its Bankers and to the Dominion in respect of advances for unemployment relief, which is dealt with later in this report. The figures above include the liability of \$20,160,000 (less sinking fund in hand) in respect of the guarantee of the bonds of the Pacific Great Eastern Railway Company, which commenced in 1914, but they do not include the liability of the Province under its guarantee of the bonds of the following:—

Vancouver and Districts Joint Sewerage and Drainage Board	\$6,233,333.33
Agricultural Credit Commission	1,000,000.00
West Nicomen Dyking District	87,000.00

14. The following analysis of the objects for which borrowings have been made is compiled from a statement furnished by the Department of Finance as at March 31st, 1932:—

Non-Productive Debt—

1. To meet annual deficits	\$34,259,642.40
2. Pacific Great Eastern Railway Co., guaranteed	
debenture stock	\$20,160,000.00
direct loans	15,233,646.60
3. Highways and Bridges	35,393,646.60
4. Public Buildings	40,080,416.15
5. Unemployment Relief	7,774,681.44
	2,000,000.00

Non-productive Debt—Continued.

6. B.C. University	\$5,964,389.08
7. "Soldiers Land Act"	3,385,054.71
8. Land Settlement Board	6,700,415.01
9. Conservation Fund	2,481,137.89
10. Department of Industries	1,000,000.00
11. Sundry Loans	392,905.41

\$139,441,288.69

Self-supporting debt (sundry loans) 4,280,962.84

Gross debt at March 31st, 1932 \$143,702,251.53

Less sinking funds at cost 24,617,616.16

NET DEBT excluding loans from Bank and Dominion Government re unemployment relief \$119,084,635.37

15. We have used the expressions "non-productive" and "self-supporting" as they appear in the statement furnished by the Department of Finance already referred to. It will be observed that that portion of the debt classified by the Department as non-productive is over 95 per cent. of the whole.

16. The first five items in the foregoing analysis of the public debt do not require further comment here. They are dealt with elsewhere in this report.

17. Item 6.—B.C. University, \$5,964,389.08. Of this sum \$3,760,004.38 represents borrowings for University buildings and \$2,204,384.70 represents borrowings for improvements to the University endowment lands, with an area of nearly 2,700 acres of which only 201 acres have been subdivided into 403 lots. Of these, 71 lots have been sold for \$166,420 and 59 have been leased at an annual aggregate rental of \$11,295.70. To effect these sales and leases the Province has expended over \$2,000,000 in clearing, grading, laying sewers, laying ducts for water, light and telephone, paving, sidewalks and street lighting. While we have no information as to what amount of this expenditure is fairly attributable to the subdivided area we are of opinion that, judging from the amount so far realized on sales and leases, the ultimate recovery from the subdivided lands will only be part of the total cost thereof. Apparently these lands were set aside with the object of creating a fund out of the proceeds of sale and leasing for the permanent endowment of the University. Obviously such a fund could not come into existence until all costs of development had been repaid. In the light of the figures already quoted it is clear that the endowment will never be created from this source. If these lands had been sold in their uncleared state they would have realized a sum which in these times would have been a welcome endowment to the University. As it is, successive Governments have spent over two million dollars on development and so far the net returns do not equal the interest on the borrowings. We recommend that no further expenditures of any kind be made on these lands and that the Government limit its activities strictly to selling or leasing the unsold or unleased lots in the subdivided areas. As regards the remaining 2,500 acres which are unsubdivided, we recommend that these be sold in their present state as the opportunity occurs.

18. Item 7.—"Soldiers Land Act"—\$3,385,054.71. The greater part of these moneys was expended on the irrigation project at Oliver in the South Okanagan and the published accounts indicate a probable loss of \$2,850,000 on this project.

19. Item 8.—Land Settlement Board—\$6,700,415.01. The greater part of these moneys was expended on the Sumas Dyking and Reclamation Scheme and the published accounts indicate a probable loss of \$3,500,000 in connection with this project.

20. Item 9.—Conservation—\$2,481,137.89. These moneys were borrowed to create a fund available to the Water Branch for various irrigation schemes. It is a revolving fund and as advances are repaid they are used again for other projects. The whole of the fund is now outstanding and substantial losses are probable. We recommend that no further advances be made from this fund.