

EXPENDITURE ON CAPITAL ACCOUNT,
&c.

Public Works, Railways and Canals.....	5,215,694	6,293,503
Dominion Lands.....	582,016	398,277
Militia, Capital.....	836,073	840,496
Railway Subsidies.....	1,176,046	1,220,705
Bounties.....	1,293,755	1,680,055
South Africa Contingent.....	-726
Northwest Territories Rebellion..	-1,930	-1,270
Total.....	9,100,928	10,431,769

The increase of the revenue in period from 30th June, 1905, to end of April, 1906, was \$6,677,848 and of expenditure \$3,010,592. The gross expenditure, including \$10,431,769 on capital account, was \$55,780,268, which left a surplus of revenue over gross expenditure of \$8,028,091. The customs yielded the bulk of the increase owing to imports having been unusually large during the current fiscal year.

THE ROYAL COMMISSION ON INSURANCE.

MR. GOLDMAN, MANAGING DIRECTOR OF THE NORTH AMERICAN LIFE, GIVES EVIDENCE.

After taking some days' rest from the wearisome task of listening to the tangled and not very intelligible details of the relations subsisting between the Union Life and National Agency Company, the Commission resumed its sittings on the 21st inst., at Toronto.

A large portion of the day was spent in reading lists of the directors and members of the executive committee of the company for the past 15 years.

Mr. Goldman, managing director, gave a full description of the organization of the company and of its charter. He stated that the repayment or redemption of the \$60,000 of paid-up capital would leave the North American a purely mutual company. Qualification for membership on the Board required the candidate to be the holder of \$2,000 of the paid-up stock or of a policy of \$5,000 or over. In 1882 this was changed so that it was necessary to have a participating policy of at least \$5,000. The voting power was amended to provide five votes for every \$100 held of the guarantee fund, and one vote for every \$1,000 of participating insurance.

As to powers of investment, Mr. Goldman said that their charter had been amended in 1897 to permit them to invest in securities of companies who had come into existence upon the introduction of electricity as a motive power. Then when the general Dominion Insurance Act was amended as to powers of investment in 1899, the company claims the widest powers of investment conferred by either the 1897 amendment to their charter or the 1899 amendment made to the Insurance Act.

The remuneration of directors is limited to \$8,500.

The examination of Mr. Goldman was continued on the 22nd inst. The morning session was taken up with an enquiry as to agents balances, and

the loss on policies for the first year, respecting which Mr. Goldman is reported to have remarked, "a beginning must be made or assume one somewhere. A reserve was provided which was used in connection with these losses."

In the afternoon Mr. Goldman, in answer to questions by Mr. Shepley, counsel for the Dominion Government, explained that in 1903 and 1904 his company had purchased bonds of the Milwaukee & Chicago Electric Railway, amounting to \$400,000 at 95, through the firm of Osborne & Francis. In 1903 the company advanced two loans to Osborne & Francis, one of \$195,000 on securities valued at \$737,000, the other of \$223,000 on security of \$260,000. Their total loans amounted to \$739,050.

Mr. Shepley—That was a large amount for one company, but the directors were satisfied that the securities were gilt-edged, were they not?

Mr. Goldman replied that the securities were all that company could have desired. He explained also the circumstances of the purchase of \$150,000 of the Windsor, Sandwich and Amherstburg Railway.

The enquiry then turned upon the by-laws prohibiting the advancement of loans to directors. Respecting this Mr. Goldman gave information respecting loans to Messrs. J. K. Kerr, K.C., and Mr. Robt. Jaffray, who were then directors. These loans were in connection with the Land Security Company which suffered when the boom in Toronto real estate collapsed, but no loss was caused to the North American Life.

Those loans were the only instance in which money had been advanced to directors, Mr. Goldman said, and in consequence of them the by-laws prohibiting such action were adopted. A resolution was also passed forbidding the company either to purchase stocks which were not fully paid up, or to advance loans on such stocks.

The commissioners then engaged in a discussion with the witness as to the system of policy-holders voting, in regard to which, though he did not believe in giving larger voting powers to policy-holders, Mr. Goldman declared that at least half the directorate ought to be policy-holders.

Commissioner Kent, in conclusion, foresaw the time coming when there would be no profits to divide between policy-holders and stockholders. That condition must arrive if the gross premiums remained stationary and the expenses continually increased. To bring this about was only a question of united effort on the part of the agents. There was plenty of room for mortgage investment, but it would be unfortunate to be tied up to that class of security, as it was frequently found that the properties had decreased in value when the mortgages matured.

The companies, Mr. Goldman declared, empha-