

such matters as it may see fit in connection with the finances of the Province.

"The general form in which the estimates of revenue and expenditure are now presented is, we think, an excellent one. The practice of setting up the revenue and expenditure under the various departments has many good features. It brings home to the general public the cost of operation of each one and places the responsibilities in connection therewith where they belong, i.e., on the department head. Formerly the classification used meant very little to the average citizen. Items were so divided that it was very difficult, even with a large expenditure of time on the part of any one interested, to glean the exact cost of operation of any one department. Under the present classification this can be ascertained at once.

"Another innovation which is greatly to be commended is the placing of the estimated revenues and expenditures for each item, for the previous year, in a column parallel to the estimate for the current year. The advantages of this are so obvious as to scarcely require mention. It makes intelligent comparison and criticism possible and if there are any large increases in items they can be discerned at once. The ordinary citizen can also understand the statements. This cannot do otherwise than create interest, and it is only through the interest and co-operation of the citizens that democratic government can hope to operate successfully. These itemized and comparative estimates of expenditure should also act as a check on any tendency which may arise toward extravagance on the part of provincial departments.

"Placing of actual revenue and expenditure for previous year in parallel column: If the actual revenue and expenditure for the preceding year were printed in columns parallel to the estimated revenue and expenditure for such year, a further improvement would be effected. We understand this is not practicable at the present time, but suggest that steps be taken to make it so as soon as possible.

The method of making up the revenue is under the group system according to departments under which the estimates of revenue will accrue. In presenting estimated revenue for 1919-20, as recently tabled in the budget speech, 52.91% is derived from taxes, 6.92% from Dominion Subsidies, 24.91% from the Public Domain, 10.72% from fees and 4.55% from miscellaneous sources of revenue. Income and poll tax in 1909-10 was but 2.2% of the total revenue. In 1917-18 it was 11.4%, and in 1919-20 the estimate was for 18.8%. The amount paid per capita under this heading has risen from \$4.48 in 1909-10 to \$4.71 in 1919-20. British Columbia is with one exception the only province in Canada obtaining revenue from this source. "In commenting on the income tax, the report says: An income tax is a fair method of taxation only when the machinery for levying such a tax is perfected, otherwise it is a burden placed on a limited class of citizens whose incomes are readily ascertainable. The City of Vancouver is now suggesting that it also be permitted to use this source of revenue. In order to prevent such a tax from becoming intolerable in British Columbia duplication of machinery must be avoided. An arrangement should be made with the Dominion Government for the establishment of joint machinery to collect income taxes, the proceeds of such taxation being divided between the different governmental units according to a prearranged plan."

With regard to ear-marking of revenue received from the sale of capital assets the report is quite suggestive. "While the estimates now give a normal separation of Current and Capital Revenue, this has not been followed to its logical conclusion. It is, we think, in the interests of all that any revenue derived from the sale of capital assets should be used only for capital expenditures. The following are some of the items listed in the Current Revenues, 1919-20, which may be considered in this light:

Coal and Coke Tax	\$ 200,000.00
Mineral Tax	150,000.00
Sale of Government Property	3,000.00
Sale of Government Property.....	4,000.00
Land Sales	50,000.00
Timber Sales	150,000.00
Timber Licenses	1,150,000.00
	\$1,707,000.00

"Inasmuch as it might be contended that timber sold either directly or indirectly through licenses, leases, etc., is being replaced to a certain extent by natural growth, it is possible that a portion of the money derived therefrom should be credited to Current Revenue. The balance at least, however, should be ear-marked and placed in a fund to be used for Capital Expenditure only. The policy of defraying current expenses out of the revenue derived from the sale of capital assets, if pursued to any great extent, can only lead to difficulties at a future date.

"It may be contended that at the present time sufficient expenditures of a capital nature are made from current revenue to offset such sums. If so, the clear separation of such items on both sides should cause no embarrassment and would serve to make the matter clear to the general public. A clear separation between capital receipts and payments and revenue receipts and payments is the only safe method, as well as the only method which makes an accurate and clear statement possible.

"It might be noted that Manitoba has lately placed a law on the Statute Books making compulsory the separation of such receipts and their use for capital purposes only."

In our next issue we will present some items in the report on Provincial expenditure, comparisons of expenditure as between the three western provinces and its general conclusions thereon, also to review its remarks on the Provincial debt and the recommendation for the separation of funds, together with the conclusion of the report.



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