

1. To ascertain and report to the Government at as early a date as possible the annual revenue that can reasonably be anticipated, bearing in mind the requirements of essential Provincial services as well as the burdens already borne by the industries of this Province, and the paramount necessity of preserving and, if possible, extending the capacity of such industries to maintain as large a population as possible.
2. We shall be glad to consider your suggestions with respect to such apportionment of our available revenue between essential public services at a minimum cost as will best serve the interests of the public, without having recourse to either temporary or permanent borrowing for capital, current, or any form of public expenditure.
3. The Commission will be given access to Government records and documents and we shall delegate such officials and government employees as may be necessary to assist you in the premises.
4. We desire to express our appreciation of your kind offer to give your services without any expense either for remuneration, travelling or any other liabilities, which may be incurred in carrying out your work.
5. You may rest assured of the Government's close co-operation, assistance and advice, and that when the report is completed and received by the Government, we will undertake to publish it within six weeks.
6. We desire to make it clear that the Commission in carrying out its work will be strictly non-political.
7. Out of the eight names submitted by you, the Government has selected the following five:—

Mr. GEORGE KIDD.
Mr. W. L. MACKEN.
Mr. AUSTIN TAYLOR.
Mr. A. H. DOUGLAS.
Mr. R. W. MAYHEW.

It must be clearly understood that the Cabinet, in considering any suggestions your Commission may offer, reserves the right to decide whether or not it will be advisable to adopt such suggestions.

Yours faithfully,
(Signed.) S. F. TOLMIE.

We now beg to submit our report on the matters referred for our consideration.

In submitting our findings we are not unmindful of the fact that as a result of the present disturbed state of the public mind there are many phases of governmental administration under discussion to-day, reference to which may be looked for in this report. We therefore wish to make it clear that our inquiry has been limited in its scope to matters which were referred to us for consideration in our appointment, as outlined in the foregoing letter.

We have interpreted that letter generally as instructing us "to ascertain and report to the Government at as early a date as possible the annual revenue that can reasonably be anticipated,"—"the apportionment of our available revenue between essential public services at a minimum cost," and such economies as might, when made effective, render unnecessary "either temporary or permanent borrowing for capital, current, or any form of public expenditure."

We have necessarily covered considerable ground in making our presentation, but to go into greater detail in respect of all the matters engaging public attention was not possible, and has not been attempted.

Our inquiry has not been an audit. The records of revenues, expenditures, debt and other figures and statements have been taken or compiled by us without verification from the published accounts of the Province or from information furnished by the Departments.

In accordance with the terms of the foregoing letter from the Premier, the work of the Committee has been voluntary so that the expenses of this report to the Government are limited to the costs of printing and publication.

CHAPTER I.

INTRODUCTION.

1. The Province of British Columbia covers an area of 372,630 square miles, a territory considerably in excess of the combined areas of Washington, Oregon and California.

2. According to the Dominion Census of 1931, the population residing within this extensive territory was 694,263 of whom approximately 90 per cent. reside in a comparatively narrow strip lying immediately north of the international boundary and consisting of about 20 per cent. of the total area of the Province.

3. For purposes of government, the respective functions of the Dominion and Provincial authorities are defined by the "British North America Act," which retains for the Dominion Parliament all matters relating to defence, relations with Foreign and Imperial powers, navigation, coastal services and customs, leaving to the Provincial Legislature all purely internal and domestic affairs, including the administration of justice. The Province is divided into 14 constituencies for the Dominion House, with six senators, and into 40 constituencies for the Legislative Assembly at Victoria, which is a single chamber.

REVENUE AND EXPENDITURE.

4. The following is a statement of the revenues and expenditures of the Provincial Government for the last twenty years:—

YEAR ENDED.	REVENUES.	EXPENDITURES.	DEFICIT.	SURPLUS.
March 31, 1912.....	\$10,745,708.82	\$11,189,024.85	\$443,315.53	.....
" 1913.....	12,510,215.08	15,412,322.02	2,902,106.94	.....
" 1914.....	10,479,258.74	15,762,912.48	5,283,653.74	.....
" 1915.....	7,974,496.46	11,942,667.00	3,968,170.54	.....
" 1916.....	6,291,693.60	9,880,662.87	3,588,968.77	.....
" 1917.....	6,906,783.63	9,079,317.70	2,172,534.07	.....
" 1918.....	8,882,846.02	8,078,565.17	.....	\$809,280.85
" 1919.....	10,931,279.21	12,112,285.89	1,181,006.68	.....
" 1920.....	13,861,602.75	13,510,271.79	.....	351,330.96
" 1921.....	14,998,069.01	17,889,007.07	2,890,938.06	.....
" 1922.....	16,371,294.37	19,612,087.22	3,240,792.85	.....
" 1923.....	18,137,096.73	19,617,060.15	1,480,563.42	.....
" 1924.....	19,019,842.10	20,858,403.67	1,838,561.57	.....
" 1925.....	19,460,989.19	21,307,394.29	1,846,405.10	.....
" 1926.....	22,267,242.53	22,166,449.21	.....	100,793.32
" 1927.....	22,121,906.08	22,881,921.04	260,014.96	.....
" 1928.....	22,783,052.52	23,606,281.30	723,228.87	.....
" 1929.....	22,879,476.92	26,294,381.86	3,414,904.44	.....
" 1930.....	26,957,811.41	27,068,240.55	135,428.94	.....
" 1931.....	24,809,328.12	29,688,589.13	4,819,261.01	.....
			\$40,188,955.49	\$1,261,405.13

5. THE EXCESS OF EXPENDITURE OVER INCOME AS SHOWN BY THE FOREGOING FIGURES IS SO OUTSTANDING AND COVERS SO LONG A PERIOD THAT IT REQUIRES MORE THAN ORDINARY COMMENT. FOR TWENTY YEARS, WITH THREE TRIFLING EXCEPTIONS, EACH GOVERNMENT HAS, UNTIL QUITE RECENTLY, WITH VARYING DEGREES OF COMPLACENCY, FACED THE LEGISLATURE WITH THESE STARTLING DEFICITS.

6. On the introduction of each annual budget criticism has, of course, been forthcoming from the political opponents of the Government then in office, but little serious concern has been found in our Press, or other outlets of public opinion. No alarm has arisen and no concerted or sustained effort has been made to bring our public expenditures within the limits of our income.

7. Throughout the period covered by the foregoing figures, the Minister of Finance at the commencement of each fiscal year has predicted a balanced budget only to find, with three