

We also paid to the Canadian Pacific Railway, \$68,669.49, and on railway subsidies, \$834,745.49; making a total of altogether, \$4,619,599.22.

To arrive at the increase in our debt for the year, we have to add the following items that affect the debt. Quebec railway subsidy, shown first as liability in 1895-96, \$2,394,000; making a deficit for 1895-96 of \$330,531. Then there are sundry amounts chargeable to consolidated fund amounting to \$137,185.19; making in all, \$7,481,335.72.

From this, however, we must deduct the expenditure for sinking fund, and a small refund of \$542.52 on account of the Northwest rebellion expenditure, making \$2,055,830.04. Taking this from the \$7,481,335.72, above mentioned, we have \$5,425,505.68, which represents our increase of debt for the year 1895-96, and that debt stood—that is the net debt—on the 30th June last stood, at \$258,497,432.77.

Mr. FOSTER. Is my hon. friend going to make any further explanation with reference to the Quebec debt of \$2,394,000?

The MINISTER OF FINANCE. I do not know that any explanation is called for. My recollection of the facts, is, that the amount was originally placed to the credit of the province of Quebec and they were entitled to draw the interest. It was granted to them, if my memory serves me, as practically a refund of railway subsidies, and I think there was much to be said in favour of treating it as a railway subsidy, and placing it in the Public Accounts along with other railway subsidies. Very possibly that was not the view, and at all events it was not done; but upon a subsequent occasion—the hon. member will perhaps remember the year—an Act was passed whereby the capital sum was placed to the credit of the province of Quebec, and that province was free to withdraw that capital sum whenever it so desired. If that was the fact, it properly became an obligation of the Dominion, and should have appeared in the debt account.

Mr. FOSTER. But my hon. friend will agree with me that that was not a liability which was incurred in 1895-96. In reality, it belongs to 1883-84. It is simply a change of book-keeping.

The MINISTER OF FINANCE. I quite agree that it is not a new liability. It is an old item, which I think my hon. friend should have included in the debt account some years ago.

Mr. FOSTER. That is a fair question for argument.

The MINISTER OF FINANCE. I do not wish to convey the idea that it is a new liability. It is, as the hon. gentleman says, a mere matter of book-keeping. If it was an obligation of the Dominion, I think it should have appeared in the debt account.

Mr. FOSTER. But my hon. friend will remember that a change took place under legislation which was passed the year before last, in this House and in the Quebec House, which was the only reason for making a change in book-keeping.

The MINISTER OF FINANCE. Passing to the current fiscal year, our expenditure for capital purposes, which up to the 20th April reached \$2,823,078, will probably, by the end of June next, be in the neighbourhood of \$3,425,000.

To arrive at the probable effect of the whole year's operations on the net debt, we will have to add to this the probable deficit, which may perhaps be placed as low as \$550,000, though I hesitate to commit myself to an amount so low. But if we take that figure as correct, we would then have to charge against capital account \$3,975,000. But as this includes the amount of our investments for sinking funds, which, while an expenditure on one hand, must be regarded on the other as an asset, we must deduct the estimated investments to the 30th of June, \$2,214,000, leaving an anticipated net increase of the debt of, in round numbers, \$1,750,000. In all the foregoing I have kept well within the limit of fair estimate, and any marked improvement in our revenue between this and the 30th of June next, will of course ameliorate to that extent my estimated deficit, and increase of debt.

Having, Sir, occupied so much time with the two preceding years, I now turn to the year 1897-98. With regard to the expenditure of 1897-98, my expectation is that while undoubtedly supplementary Estimates will be brought down, the savings in the Estimates—that is, unexpended balances which always arise owing to expenditures not being carried out as proposed, and to amounts being carried over by re-votes and otherwise—will be considerable. At this moment we are not, of course, in a position to state what the amount of our supplementary Estimates will be, but I hope they will not be large. If we take into account the savings to be made in the way I have indicated, I think they will nearly represent the outlay under the supplementary items; and it would not be far astray to estimate for the year an expenditure of about \$38,250,000.

On the basis of the present tariff, and looking at the probable results of the present fiscal year, it would appear as if the revenue for 1897-98 would be in the neighbourhood of \$37,500,000, which would on its face leave a deficit of \$750,000. It is of course neither desirable nor desired that there should be any deficit. We have had deficits now for three years in succession, and we all agree that we should, if possible, avoid a continuation of such an unsatisfactory condition of affairs. Before I conclude, I will show what steps we pro-