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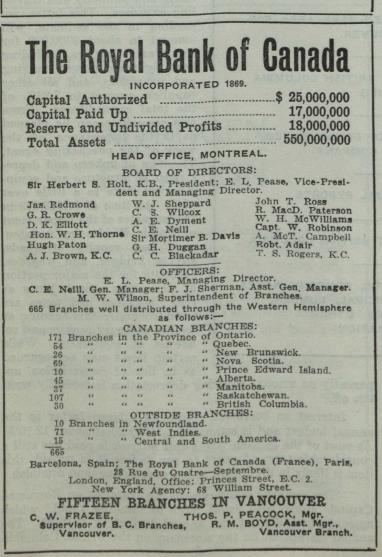
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A GENERAL BANKING BUSINESS TRANSACTED

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House, London, amounting to \$9,700, has been included in this amount.

"The Province expects to pay out in 1919-20 about \$2,-500,000, or 21.25% of its total expenditure, in grants. Over \$1,000,000 of this amount is made up of educational grants. Hospitals and charities, grants to the Soldiers' Aid Commission and to the University of British Columbia, all listed under the Provincial Secretary's Department, account for over another \$1,000,000.

' 'Miscellaneous' is made up from sundry items, such as exchange, bank charges and other expenses which cannot be allocated under more specific headings.

"We have estimated that about 2.52% of the total listed under current account can be classed as capital outlay made from revenue funds. This is entirely outside of and should not be confused with the Capital Account as shown in the official estimates.

"Under 'Department of Provincial Secretary, Miscellaneous,' we find the following items :-

- (1) Grants to Civil Servants and Employees on Mil-
- \$ 50,000 itary Duty (2) Salaries of Civil Servants and Employees re-
- turning from Overseas Service...... 100,000 (3) Civil Servants' Bonuses 100,000

\$ 250,000

"We suggest that these items be allocated to the Departments to which such Civil Servants belong. It could be argued that this would not be a fair division as far as items (1) and (2) are concerned, inasmuch as it would be showing increased expenditure for any of the departments which had a large number of employees doing military duty. This argument cannot, however, apply to item (3), and we think that, in order to show correctly the exact expenditure of the various departments, this amount should be properly allocated under the subdivision of 'Salaries' as a form of payment for personal services.

"As yet the Province does not seem to have established depreciation accounts. At least no depreciation items appear in the statement of Expenditures of the Province. While it is theoretically correct to classify Sinking Fund Expenditures as Capital Expenditures (made out of income) as at present, it would seem desirable to consider Sinking Fund Expenditures as in lieu of depreciation and to classify them, therefore, as current expenditures, at least until such time as complete depreciation accounts have been set up."

In treating of the comparison of expenditures from 1911 to 1920, the Institute had difficulty in making comparisons because of change in the setting up of the provincial accounts. The expenditures as listed in the Public Accounts for the years 1911 and 1915 were transferred to correspond with the departments under which the expenditures are now listed. This was done with a great deal of care, and while in all cases it may not be exact to the dollar, it is as fairly divided as was possible under the circumstances. Each item was considered separately and allocated to the Department and function under which it is at present. For the years 1919 and 1920 the estimates of expenditure were used. Taking these comparative statements into account which are presented in the Report, both statistically and graphically, it is shown that during the period 1911 to 1920 there was little change in the cost of legislation or expenditure in the Premier's office. The Department of Fisheries has shown little variation. The Department of Agriculture shows a percentage of increase of about 75% during the period; although the expenditures for 1920 are less than those for the same department in 1915. The newly established Department of Labor has shown a large increase, due mainly to its expenditure in connection with the various employment bureaus.

The expenditure of public debt shows an increase dur ing the period of 313.47%. While this increase was very rapid until 1919, there is little difference between that year and 1920. The causes for this expansion will be discussed more fully under 'Provincial Debt.'

(Continued on Page Seventeen.)