

# Ways and Means of British Columbia Finance

**Budget Speech of Finance Minister Shows Estimated Increase of Revenue and Expenditure for New Fiscal Year—New Provincial Debt Largely Productive—Dual Income Tax Burdensome—Not Proposed to Increase Rate.**

In our front page article we presented the Provincial Finance Minister's summary of production of our natural resources in 1919, and his comments thereon. In this article we present that part of Hon. Mr. Hart's budget speech dealing with estimates of revenue and expenditures for the new fiscal year ending March 31st, 1921, his proposed methods of increasing revenues and the purposes for which this increased revenue is to be used, together with some comment on the nature of provincial debt, new proposed borrowings and items of allied nature.

In our issue of February 21st we reviewed the public accounts for the last fiscal year, and in our issue of March 6th we reviewed the accounts for the nine months to the fiscal year ending December 31st, 1919. For this reason we will not comment on that part of the budget speech dealing with these accounts. But whether dealing with provincial progress in the way of finance, with public accounts or with problems of municipal administration, which is our third article on the budget, one cannot escape the conclusion that the finances of British Columbia are in capable hands. The Hon. Mr. Hart has undoubtedly sound financial judgment, and has that rare faculty of treating provincial finance from the point of view of public finance rather than as an adaptation of private finance to the needs of the Province. Two illustrations in point. The Hon. Mr. Hart is opposed to the tax exempt security in principal and practice, and with regard to tax on interest on capital borrowed without the Province; also with regard to increment tax on natural resources. No one with an eye only to private capital in contrast to the public good would make such suggestions, or consider their enactments as principles of provincial finance.

In speaking of provincial revenue Hon. Mr. Hart said:

"It is interesting to note the steady growth in the revenue which has gone on since this Government took office, and I have tabulated this in order to make it plain. The net revenue was as follows:

		Increase Over Previous Year.
Year Ended March 31, 1916 .....	\$ 6,291,693.60	
Year Ended March 31, 1917 .....	6,906,783.63	\$ 615,090.03
Year Ended March 31, 1918 .....	8,882,846.02	1,976,062.39
Year Ended March 31, 1919 .....	10,931,279.21	2,048,433.19
Year Ended March 31, 1920 .....	12,609,960.13	1,678,680.92
Total Increases .....		\$6,318,266.53

"The estimates for 1920-21 display a still further increase in revenue, the amount which we expect to collect being \$13,978,245.13, this being \$1,368,285, or approximately eleven per cent. greater than the revenue for the current fiscal year, and \$7,686,551.53, or approximately 122 per cent. of a growth in the total revenues since Government came into office. Prior to this, the best year in regard to revenue was 1912-13, while a wave of prosperity was sweeping the Dominion, when there was got in \$12,501,215.08, or \$1,668,030.05 less than the estimates now before the House. Fifty-eight per cent. of that total was derived from land sales, land registry fees, timber licenses and our share of the Chinese Restriction Act, both of which sources have since lapsed, accounted for \$4,068,587, or one-third of the whole.

"A careful perusal of the estimates presented will show that while the amount collected by direct taxation has increased the revenue collected from the development of the natural resources of the Province has relatively increased until only about one-half of the total is being raised by direct taxes, the remainder coming from the utilization of such resources as timber, mines and fisheries. Take, for instances, the revenue from the forests. When the previous high record was made, over \$2,000,000 of the receipts was from licence fees and rentals, leaving only \$507,000 from royalties and stumpage, the items of revenue which follow actual logging operations. The amount realized from this source is largely dependent upon the efficiency of the field organization of the Department of Lands, and in this connection it is interesting to note that the income from royalties and stumpage during the present fiscal year is more than double what it was in 1913, and that it will be trebled in the coming year. Coincident with this there has been a marked reduction in the ratio of administrative cost to the revenue collected.

"The revenue which is estimated through the several departments is: Department of Agriculture, \$45,000; Department of the Attorney-General, \$1,552,500; Department of Education, \$45,500; Department of Finance, \$7,689,715.13; Department of Fisheries, \$36,000; Department of Lands, \$4,009,000; Department of Labour, \$30,000; Legislative fees, \$2,000; Department of Mines, \$162,000; Department of the Provincial Secretary, \$306,830; Department of Public Works, \$61,000; Department of Railways, \$38,000.

"From income tax we estimate that we will collect in the coming year \$2,000,000, an increase over the estimates for the current year of \$400,000; real property tax \$1,115,000, an increase of \$115,000; from wild land tax and tax on coal and timber lands \$980,000, an increase of \$230,000; from motor traffic licenses \$650,000, an increase of \$400,000; from timber licences, \$2,200,000, an increase of \$1,050,000; from timber royalties and scaling fees \$1,075,000, an increase of \$490,000; from game licenses \$120,000, an increase of \$40,000; from land registry fees \$375,000, an increase of \$150,000; miscellaneous interest \$450,000, an increase of \$375,000; from timber sales, \$350,000, an increase of \$200,000; besides numerous other small increases. It is proposed to place a tax on fur dealers, a source of natural wealth in this Province which it is felt is not contributing its proper share to the exchequer. From this source we expect to derive \$75,000 in the coming twelve months. The net increase in revenue over the current year is estimated at \$3,992,855.

The various departments of Government service call for an expenditure during the year 1920-21 of \$13,960,711.94 on current account and of \$3,449,961.36 on capital account, making a total of \$17,410,673.30. Against this we will have a revenue which will be \$17,533.19 more than the estimated expenditure on current account. The estimated expenditures by services are as follows:

	1920-1921	1919-1920
Public Debt .....	\$ 1,838,378.08	\$ 1,412,050.62
Legislation .....	109,170.00	101,500.00
Premier's Office .....	13,880.00	13,550.00
Department of Agriculture .....	342,736.00	291,035.00
Department of Attorney-General .....	1,183,720.00	1,097,906.08
Department of Education .....	2,864,613.00	2,292,160.00
Department of Finance .....	957,679.00	808,122.15
Department of Fisheries .....	18,090.00	17,335.00
Department of Industries .....	27,040.00	9,000.00
Department of Lands .....	1,324,395.00	1,021,977.00
Department of Labor .....	97,600.00	102,520.00
Department of Mines .....	375,201.38	335,524.89
Department of Provincial Secretary .....	2,013,086.48	2,091,097.48
Department of Public Works .....	2,745,223.00	2,144,807.50
Department of Railways .....	49,900.00	67,510.00
Chargeable to Capital .....	3,449,961.36	2,331,390.00
	\$17,410,673.30	\$14,137,485.72

"The borrowings of this administration since it came into office have been \$13,770,000 up to the end of January, of which amount \$9,270,000 is returnable. The greater part of this sum has been loaned to the Pacific Great Eastern Railway Company for construction work and is payable to the Province by that Company. As security we hold the entire share capital and all the assets of the parent corporation and its subsidiary companies. In addition to this we have a sinking fund.

"There has been borrowed to be loaned to farmers through the agency of the Land Settlement Board, \$1,800,000, of which \$1,100,000 has been converted into permanent securities and the usual sinking fund established. The remaining \$700,000 has been borrowed on Treasury Bills. The Board holds security for all loans against the land of the borrowers.

"The loan of \$790,000 to the municipality of South Vancouver is secured by collateral in the shape of bonds of that corporation to an amount of \$989,900. Interest on this loan has been paid by the Government, but is immediately refunded to us by the municipality.

"Loans to municipalities for the better housing of soldiers are being made from a loan obtained from the Dominion Government. Of the \$1,500,000 to be ultimately lent to us we have already allotted to municipalities \$1,107,150. This money is being loaned to the municipalities by us at the same rate as we pay to the Dominion, five per cent. per annum. Debentures of the municipalities maturing in twenty years are taken as security, and the loan is payable in instalments of principal of not less than \$1,000.

"For loans under the Department of Industries Act there has been borrowed \$110,000. The sums advanced out of this by the Province are secured by the assets of the various industries which are being assisted.

"The expenditures involved in the carrying out of the Soldiers' Land Act, for which we borrowed \$200,000 are returnable, as is also the case in regard to the expenditure of \$170,000 for the conservation of irrigation works, the latter being a charge on the corporation upon whose works the Government has had to make outlays and upon the lands benefited.

"The only amount out of the \$9,770,000 for the borrowing of which this administration is responsible which is not a realizable asset is \$500,000, which has been expended by the Department of Public Works on permanent roads and bridges in different sections of the Province, but it constitutes a capital asset."

Hon. Mr. Hart then traced the condition of the Province in 1916, with its low credit and the efforts made to increase the favor of the Province with the investing public being finally rewarded last year with a sale of provincial bonds on a par with the Pro-