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Government of the Province of British Columbia

Provincial Expenditures—Comparative Costs of Administration of Three Western Provinces—Provincial Debt—Necessity to Keep Taxation Low in Order to Encourage Development and Industry.

In our last issue, April 17th, we presented in part the findings of the Citizen's Research Institute's investigations on the finances of the Province of British Columbia. We took up the subject of the organization of the Government of the Province, making up of the annual budget and the provincial revenues. We propose to present in this issue the items of provincial expenditures, the public debt, recommendations of the Institute and its conclusion.

Before taking up the provincial expenditure, the report states that: "The practise of listing the interest derived from the 'Investment of Sinking Funds' under Current Revenue Account is one which should be discontinued. This is offset, in the Capital Expenditures, by an item of equal amount listed 'Investment of Dividends on Loans,' but we cannot see that this makes the transaction clear to the ordinary citizen. While we are informed that this money really remains in the Trustee's hands and that the above is simply the method of journalizing the same, we are of the opinion that 'Interest on Investment of Sinking Funds' should not appear under Current Revenue, but should be shown in a separate statement showing the condition of the Sinking Funds."

On the subject of provincial expenditure, the report continues: "The form in which the Estimated Current Expenditure of the Province is presented follows closely that of the form used in connection with the Revenue. The expenditure is listed under the department of the Government to which it belongs. It is further subdivided, under the department, into Salaries and Expenses. Expenses are, in turn, classified under supplies, maintenance and repair of buildings, fuel, light, water, travelling expenses, etc. This subdivision is a good one and, while it has not yet been followed out as closely as might be in all departments, it is well carried out considering the time in which the system has been in operation." It is possible from the subdivision given to make with a

fair degree of accuracy an analysis of expenditure according to objects purchased. The estimated expenditure of current account for the fiscal year ending March 31st, 1920, sets out that over one-quarter of the total current expenses of the Province is incurred on account of personal services, that is, for salaries, and wages. The figure is 29.08%. "This illustrates how largely the personal equation enters into the problem of the Provincial Government. While the civil service commissioner has by no means control over all

the employees of the Government, this large item indicates the tremendous importance of the commissioner's work.

"'Other Services' amount to 4.46% of the total. This includes all such items as telephones, telegrams, and other communication services, advertising and publicity and travelling expenses. This latter, according to the estimate, will amount to about \$300,000 for the year. Supplies, including heat, light and power, clothing and provisions, and all other supplies, amount to 7.23% of the total expenditures. From this some idea can be gleaned as to the importance of the work of the purchasing agent. The item of upkeep and depreciation of structure and equipment amounts to a little over 17%. An item of \$1,613,879 in the estimates of the Department of Public Works for maintenance and repairs of roads, streets, bridges, and wharves, accounts for the major portion of this item. Such items as rent, insurance and taxes are included under this heading as well as ordinary repairs and renewals of equipment. While certain items may be regarded as in lieu of depreciation, ap-

parently no amount covering depreciation is formally written off.

Interest on borrowed capital is a large factor in the annual budget and is estimated in 1919-20 at about 12.10%. As most of the debt on which this interest is paid has still a considerable term of years to run before it is repaid, this item is likely in the future to increase rather than diminish.

"The remarks made concerning 'Interest on Borrowed Capital' apply with equal force to 'Sinking Fund,' which amounts to 5.30% of the annual budget in 1919-20. The annual instalment on the mortgage on the British Columbia

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