

secured upon the subsidy, and to be repaid by a Sinking Fund,—

"The Minister states that he considers it inexpedient that the Dominion Government should undertake a loan on the terms specified; but that there is no doubt that if the Province wishes to enter upon local improvements and borrow money for the purpose, it could be done on more favourable terms in the manner proposed than by procuring a loan elsewhere; and he suggests that the same object can be gained in another way, which would be quite legitimate: That the excess of the debt allowed over that outstanding at the date of the Union is in fact a debt of the Dominion, upon which it has to pay five per cent. annually on the subsidy, and that there can be no objection to the Dominion, if it thinks proper, redeeming this debt by paying the money to the Province.

"The Minister, therefore, recommends that authority be given to advance to the Government of British Columbia, for local improvements, such sums, from time to time, as may be applied for, to be charged against the debt of the Province to the extent of the amount by which that debt falls short of the debt allowed. Should the Provincial Government at any time wish to refund any portion of the advances so made, the refund, the Minister observes, would, on the same principle, be credited to the debt.

"The Committee concur in the foregoing recommendations, and submit the same for your Excellency's approval."

He desired to direct the particular attention of the House to the words, "such sum or sums as may from time to time be applied for." There was no promise or suggestion whatever that there would be any influence brought to bear against or any exception taken to any application made by the Province of British Columbia to take over the difference between the actual and the allowed debt. They had, therefore, the fact that, when the late Administration retired from office, there was an arrangement made by the Province of British Columbia with the Dominion to obtain for surveys, roads, and bridges, &c., the means for opening up that extensive Province, an arrangement by which a large sum of money—nearly a million dollars—might be obtained from the Dominion at a lower rate of interest than the Province could obtain it elsewhere. Shortly after Parliament met, the Ministry of the day resigned. His mission was not merely to the Dominion Government, but it extended also to England, with regard to the Graving-dock. Before proceeding to England, he thought it would be wise on his part to obtain a confirmation, from the present Government, of the arrangements with

respect to the advance or loan. He did so, and he (Mr. DeCosmos) had the authority in a letter from the Prime Minister, in which he agreed to make that advance. The letter was as follows:—

"OTTAWA, 4th Nov., 1873.

"MY DEAR SIR,—Your proposal to the Dominion Government respecting the payment to the Local Government of British Columbia of such sums as may be applied for from time to time, to be expended on local improvements to be charged against the debt of the Province, until the sums so advanced will, with the existing debt, reach the amount of the debt allowed by the terms of the Union, is one which will require the sanction of Parliament. This being the case, no absolute promise can be given until Parliament meets. I see no serious objection, however, to the proposal, and we will submit a measure to Parliament to carry it into effect.

"I am, &c.,

"A. MACKENZIE."

The House had then before it the fact that the late Government and the present Government of the Dominion, with a view, he believed, at that time of advancing the interests of Canada, and the Province of British Columbia in particular, had agreed to advance the money at a lower rate of interest than it could be obtained elsewhere, and in the same way as the Dominion had obtained guarantees for its bonds from the date of Confederation from the Imperial Government. The House had the fact before it that this and the late Government had agreed to advance the difference between the actual and allowed debt. The next question arising was what was the difference between the actual and allowed debt? The actual debt of British Columbia at the time of the Union was \$1,000,405; the allowed debt, increased by the Act of 1873, was \$1,946,284. The difference between the actual and allowed debt in 1873-4 was \$945,878. And the agreement for the advance of money, in the nature of a loan, with a right of repayment of the whole or any portion, covered this amount. The next point was as to the Statute. In order to carry out that agreement, chap. 17, 37 Vic. was enacted, the 2nd section of which read as follows:—

"The Governor in Council may, in his discretion, advance from time to time to any Province of Canada, such sums as may be

required, in advance, an amount for which short of was allowed advances to the Province to repay such sum the Dominion Province repaid be province to it."

That section to include Columbia Dominion negotiat minion C taking the actual Province novelty, sideration might be the Dominion its influence the Province to the point to was this: tions bet the Dominion it was applied paid over ment, an On enquiry able to to the Province amounted further sum 1875-6, age: 'st t When the plied for properly n orment, filment of DeCosmos Governme first applie ernment w \$189,000 d expended, \$250,000 d expensitu Dominion vance tha