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JAS. J. SALMOND

President and General Manager

A. E. JENNINGS

Assistant General Manager

Review of British Columbia Finances

History of Province's Debt, Expenditure and Revenue—Growth of Assets—Difficulties in Meeting Financial Requirements—Revenue has Generally Lagged Behind Provincial Ambitions—British Columbia Claims Special Consideration From Dominion.

SOME of the Canadian provinces have at times enjoyed a revenue quite ample for their requirements. This fortunate condition has never been enjoyed by British Columbia, the constant efforts of which have been directed towards making its revenue meet its expenses. In fact, a resident of the province, writing fourteen years ago, said: "In the vain attempt to make revenue meet expenditure, British Columbia has already exploited all the sources of revenue left to her by the terms of union, and is drawing from these to the limit in disregard of the hampering effect upon the immigration of labor and capital into the province, and upon the operations and revenue-producing powers of those who are already there."* From 1871, the year that the province joined Canada, up to 1903, a deficit was incurred in all but three years. From 1904 to 1910 a substantial surplus was realized, and since that year there has been an annual deficit amounting to several millions of dollars.

Interest has constituted a heavy annual charge upon the treasury. The debt of the old province of British Columbia was assumed by the Dominion in 1871, but borrowing commenced almost immediately, and recurring deficits have also caused additions to capital charges. For the year 1913-14 interest payments amounted to \$330,587. For the year 1916-17 they were \$827,774. Expenses incidental to borrowing, such as discount on securities sold, which has been large of late, commissions, and exchange on funds transferred, have been included in the gross expenditure.

The cost of legislation remained fairly stable up to 1900, since when it has increased considerably. This has been due to increased business, and greater incidental expenses. For the year 1916-17 it was \$206,281.

The rapid expansion of the different departments of provincial government has produced a phenomenal rise in the cost of "civil government." In 1872 this amounted to \$101,935; in 1916-17 it was \$1,477,611. These sums do not include a number of items such as rents, transportation of provincial officials, and the upkeep of the government house, which should be mentioned here. These, however, have never amounted to much in the aggregate; transport cost \$32,374 for the last year. Revenue services, that is expense incidental to collecting

revenue, cost \$18,196 in 1916-17. Miscellaneous expenditure, which appears to be an essential part of all provincial budgets, required the substantial sum of \$1,005,264. In 1912-13 it amounted to \$3,912,366.

Coming now to some of the main departments of government, outside of the ordinary functions of legislation and the maintenance of departments, we find that education has entailed an ever-growing expense, amounting, for the last year, to \$1,331,413. This is \$3.40 per head of population as given by the Dominion census of 1911. It must be remembered, however, that the province supports an excellent educational system, including a university, and that the existence of many small and widely scattered communities has thrown a considerable burden on the shoulders of the provincial department. The same feature of the province and the fact that much of the population consists of mining and lumbering towns has resulted in a heavy expense for the administration and enforcement of justice. The salaries of judges, etc., have been reduced from \$161,286 in 1910-11 to \$59,201 in 1916-17; but other expenses have grown to \$1,331,413.

Pursuing an aggressive policy in the erection of public works, in 1913-14 \$5,322,386 was spent on roads, streets, bridges and wharves. New work has, of course, been curtailed since then, but even in 1916-17 almost two millions were spent. Steamboat, ferry and bridge companies have been liberally subsidized in recent years to the extent of almost one hundred thousand dollars per annum, and the government has maintained fish hatcheries for over a decade at considerable expense. Other public works cost \$2,283,236 in 1911-12, and almost four million in 1912-13, but practically nothing is now being spent in this way. Much was also spent upon works and buildings (including the new provincial legislative building) up to 1915, but this has also been reduced.

A liberal policy has always been pursued in supporting charitable institutions; this has been necessitated by the economic conditions of the province. The principal institutions of this kind are the hospital for the insane, the various hospitals and the provincial home, now costing altogether about \$800,000 per annum.

All of this expenditure has not, of course, been made on current account. The province has very substantial assets to balance its present heavy debt. These are principally public buildings, roads, and several hundred

*Cowan: "British Columbia's Claim upon the Dominion for Better Terms," page 18.