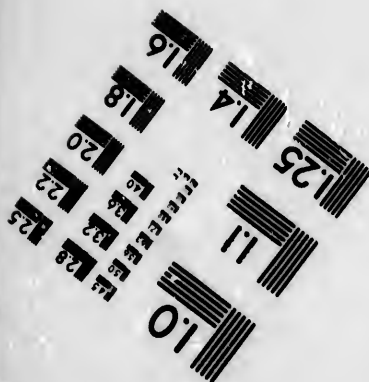
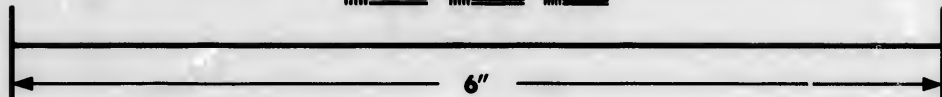
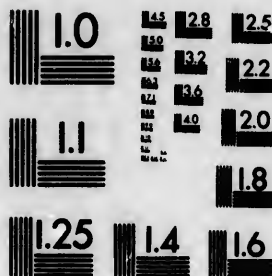


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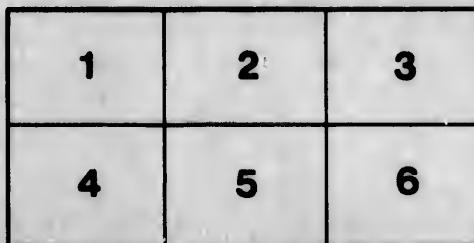
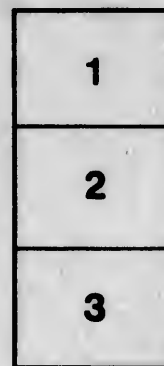
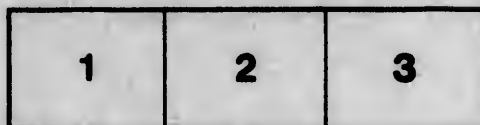
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**BUDGET SPEECH**

DELIVERED BY

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**HON. JOSEPH SHEHYN,**

TREASURER OF THE PROVINCE,

IN THE

**LEGISLATIVE ASSEMBLY OF QUEBEC,**

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**12th APRIL, 1887.**



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# BUDGET SPEECH

DELIVERED BY

## HON. JOSEPH SHEHYN,

TREASURER OF THE PROVINCE,

IN THE

### LEGISLATIVE ASSEMBLY OF QUEBEC,

ON THE

12th APRIL, 1887.



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# BUDGET SPEECH

DELIVERED BY

## HONORABLE JOSEPH SHEHYN,

TREASURER OF THE PROVINCE,

IN THE

LEGISLATIVE ASSEMBLY OF QUEBEC,

ON THE 12th APRIL, 1887.

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MR. SPEAKER,—Before submitting the usual motion that the House do resolve itself into committee of supply, I beg leave to submit a statement of the financial situation of the Province.

The task which I am about to undertake offers very grave difficulties, of a multiple and delicate nature, and it is not without hesitation that I enter upon it.

The shortness of the time at my disposal, the large quantity of documents I had to consult, the unsatisfactory state of the financial statistics within my reach, the contradictory statements of my predecessors, and lastly the great number of outstanding claims I had to study, constituted so many serious obstacles which, I must frankly admit, I had great difficulties in overcoming.

In addition, the dryness of the subject which I have to treat and the unavoidable length of the remarks I have to make will necessarily fatigue the attention of the honorable members of this House. I am consequently compelled to solicit their extreme indulgence and to beg them to bear with me as patiently as possible.

I propose to speak of the finances of the Province as a business and not as a party man, to avoid recriminations that might wound adversaries whom I esteem, although I may be called upon to condemn their admin-

istration, and to say nothing that might be of a nature to disturb the equanimity which it is so important to maintain in a debate of this character.

To enable members to follow more easily and with less fatigue the financial statement which I will have the honor to lay before them, it is essential that I should first clearly indicate the order I have adopted :

It is as follows :

1. Remarks on the fiscal year 1885-1886 ;
2. Table of all the cash transactions from 1882, date of the last consolidated loan, to the 30th June, 1886.
3. Operations and results of the current fiscal year ;
4. Statement of the cash on hand on the 1st of February, 1887, the date of our entry into office ;
5. Complete statement of the liabilities and assets on the 1st of February, 1887 ;
6. Estimate of the receipts and expenses of the next fiscal year.

Let us now enter upon the examination of each of these points in particular :

### I

#### Remarks on the fiscal year 1885-86.

Before entering upon the examination of this fiscal year I desire to note, in order to obviate any misunderstanding, that the public accounts are but a simple record of the receipts and payments of the fiscal year to which they apply and that they do not expose the true situation as regards our liabilities and their nature. For information on this head, it is essential to establish at a fixed date the respective amounts of the liabilities and the assets. This is the only way to ascertain the situation exactly. It is easy to do this the moment we know what is owing to us and what we owe. To find precisely what we owe, it is necessary to examine the current fiscal year, which will end in a deficit and increase to that extent the figure of our floating debt. In making this examination, account must be first taken of the receipts and expenses, in order to establish if the receipts exceed the expenses or the expenses the receipts, deducting the temporary loans which appear elsewhere under another form.

Lastly, in order to compare them with the total expenditure, we must take into account the receipts which are presumed to form part of the consolidated revenue. Then, if these expenses, whatever may be their nature,

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are found to exceed the receipts of the consolidated fund, it is manifest that this excess constitutes a deficit which must be made up in one way or another.

It must be acknowledged that last year the public accounts were compiled so as to mislead even those best versed in such matters. The ordinary and extraordinary receipts were jumbled up together and the expenses, ordinary and extraordinary, were treated in the same fashion. In order to obviate this confusion I have caused to be made in the accounts for 1885-1886 only one total for the receipts and one for the expenses, which will enable the operations of that fiscal year to be embraced at a single glance and the general result to be grasped in a more rational manner.

The public accounts, which have been distributed to hon. members, include a statement of receipts and payments for that fiscal year. To facilitate its comprehension, I have followed the example of my predecessors and caused to be prepared a synopsis of these receipts and payments, as follows :

*Receipts of the fiscal year 1885-86.*

Dominion of Canada.....	\$1,815,983 76
Crown Lands.....	620,821 76
Licenses.....	307,392 28
Justice.....	219,374 63
Percentage on fees of public officers.....	6,606 38
Legislation.....	184 78
Official Gazette.....	18,012 12
Asylums—Contributions by municipalities and patients.....	18,345 22
Public Buildings.....	1,850 89
Casual Revenue.....	1,433 95
Contributions to the pension fund.....	4,931 17
Interest.....	54,569 19
Quebec Fire Loan .....	726 66
Contributions for inspection of Provincial Assurance Companies.....	733 09
Traffic receipts Q. M. O. & O.....	2,031 86
Interest on price of sale of Q. M. O. & O.....	371,876 41
Premium, discount and exchange.....	895 24
Refunds .....	3,956 86
<b>Total ordinary revenue.....</b>	<b>\$2,949,726 35</b>

Trust funds—Marriage licenses, interest on deposits, &c., from the Catholic Committee of the Council of Public Instruction.....	\$	8,101 89	
Contributions to Teachers' Pension Fund...		17,897 62	
Reimbursement of advances.....		4,500 00	
Municipal Loan Fund.....		102,861 50	
Proceeds of Quebec Court House debentures		50,000 00	
Refund on account of construction Q. M. O. & O.....		12,450 17	
Temporary loans.....		750,000 00	
			945,811 18
Total receipts from all sources.....	\$		\$3,895,037 58

*Payments for the fiscal year 1885-86.*

Public debt.....	\$	977,760 32
Legislation.....		181,987 75
Civil government.....		183,675 41
Administration of justice, including police, reformatories, and inspection of public offices.....		454,173 81
Public Instruction.....		344,735 00
Literary and scientific institutions.....		8,387 75
Arts and Manufactures.....		9,000 00
Agriculture.....		79,182 89
Immigration.....		9,089 71
Colonization.....		161,205 40
Public works and buildings.....	\$259,584 40	
Less paid out of loan of 1882 and proceeds of debentures.....	\$147,489 29	
		117,095 11
Lunatic Asylums.....		230,000 00
Charities.....		37,776 00
Reform and Industrial Schools.....		24,332 27
Miscellaneous.....		29,000 00
Agent in France.....		2,500 00
Royal Commission re Q. M. O. & O. R'w'y..		7,765 64
Mining Engineers.....		2,675 90
Crown Lands expenditure.....		130,000 00
"Official Gazette".....		12,260 77

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Stamps, Licenses, &c.....	\$	12,000 00
Pensions.....		15,859 07
Municipalities' Fund.....		288 00
Licenses—Amounts paid by revenue officers out of their collections.....		18,955 02
Building and Jury Fund—Amounts paid by Sheriffs out of their collections.....		7,576 77
Traffic expenses, Q. M. O. & O.....		9,999 57
Inspection of Railways.....		850 50
Loan for seed grain—Repayment of advances made by Bank of Montreal in 1872, on municipalities' debentures.....		20,080 40

445,311 18

395,087 58

Total ordinary expenses.....		\$3,088,163 06
Trust Funds—Marriage license fund and \$500 of the deposit for Superior Catholic Education.....		7,910 00
Quebec Court House, from debentures invested.....		55,489 29
Parliament Buildings, from proceeds of loan of 1882.....		87,000 00
Construction of Q. M. O. & O. Railway, from proceeds of loan of 1882.....		5,457 32
Railway subsidies, do.....		316,668 00
Repayment of guarantee deposit for Quebec Central Railway out of loan of 1882.....		180,388 83
Repayment of temporary loans.....		450,000 00

Total payments of all kinds.....		\$4,141,066 50
Which gives the following result :		
Total payments.....		\$4,141,066 50
Total receipts.....		3,895,027 53

Excess of payments over receipts.....	\$	246,028 97
The cash account stood as follows :		
Cash on hand on 30th June, 1885.....		\$1,265,481 56
Less warrants outstanding on 30th June, 1885, but since paid.....		61,989 24

		\$1,203,492 32
Excess of payments over receipts as above.....		246,028 97
	\$	957,463 35

Cash on hand on 30th June, 1886.	\$1,084,708 49	
Less warrants outstanding on 30th June, 1886.....	77,240 14	957,463 35

There can be no dispute about the total of the receipts and payments ; but there may be a difference of opinion as to the extent of the deficit. All depends on the standpoint from which we undertake to make the classification of certain cash transactions and the distinction between the ordinary receipts and expenses on the one hand and the extraordinary receipts and expenses on the other. Some, for example, contend that receipts derived from repayments on capital account may be used to pay the ordinary expenses and consequently be entered as forming part of the receipts of the consolidated fund. Others hold the contrary opinion. On this head, —as, indeed, on many others,— Hon. member for Sherbrooke has advocated both sides of the argument in his budget speeches. He maintained the *con* in 1879 (Debates of 1879, p. 199) and in 1883 (Debates of 1883, p. 728) when he was in Opposition, and he upheld the *pro* when he was in the Government and had an interest in putting that theory into practice to cover up or attenuate his deficits, notably in 1880, (Debates of 1880, pages 455 and 479) and in 1881. Debates of 1881, pages 652 and 653 )

There are special amounts which have been employed for special services, but which do not occur again. There are receipts and payments, which, by their very nature, are both ordinary and extraordinary at one and the same time, so that, in seeking to establish the exact proportions of the difference between ordinary receipts and expenses, we necessarily expose ourselves to discussion, that cause us to lose sight of the principal point, which is to ascertain if the expenses have really exceeded the normal figure of the receipts, whatever may be the nature of either.

I do not think it would be very useful to enter into all these distinctions. After all, it matters little to know whether, for any particular fiscal year, there has been an apparent equilibrium between the receipts and expenses as mentioned in the public accounts, since those accounts are only an enumeration of the receipts and payments, but do not indicate whether services have been left in abeyance or any new liabilities contracted during the period to which those accounts apply. Now, this is the whole question. It is easy to make the public accounts show an apparent surplus, when at bottom there is really a deficit. For this purpose, it is enough to leave some service in abeyance or to negotiate a loan. The former operation reduces the figure of the expenses while the latter increases that of the receipts. In such a case, the public accounts will show a surplus, which, however, does not prevent the situation or rather the result of the operations from balancing with a real deficit to the proportionate increase of the debt of the Province. It was unfortunately in this way that our predecessors succeeded for some years in showing a situation apparently favorable, when in reality each fiscal year only entailed a considerable augmentation of our debt.

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Let us apply these considerations to the fiscal year actually under review :

According to the public accounts, the normal expenses were..\$3,032,771 45  
And the ordinary receipts..... 2,954,226 35

Leaving an apparent deficit of.....\$ 78,545 10

This figure does not agree with that of \$138,436.71 which I gave a few moments ago as representing the excess of the ordinary expenses over the ordinary receipts. This is how the difference is explained :

During the fiscal year under review, there was paid, over and above the proceeds of the loan of \$200,000 appropriated for that object, a sum of \$34,510.71 for the construction of the Quebec Court House. This sum was taken from the revenue of the consolidated fund and is entered as an ordinary expense in the statement I submit, while it figures as an extraordinary expense in the public accounts.

The \$20,030.40 paid to the Bank of Montreal in repayment of the seed grain loan in 1872, and the \$850.50 paid for railway inspection, are also entered among the ordinary expenses in the Assistant Treasurer's statement and figure in the public accounts among the extraordinary expenses, which makes a difference to that extent.

Lastly, the public accounts give as an ordinary receipt the \$4,500 repaid on account of the loan to the Longue Pointe Asylum, while in the statement of receipts this sum naturally figures among the receipts on capital account.

These different sums form a total of \$59,891.61, making exactly the difference between \$138,436.71, the excess of ordinary expenses over ordinary receipts, according to the statement in question, and the \$78,545.10, the excess indicated in the public accounts.

As will be seen, the result changes considerably according as certain expenses are included in the ordinary or the extraordinary expenses which proves my contention that the public accounts are merely an enumeration of the receipts and payments, but not a precise indication of the real situation.

During the fiscal year in question, we received \$54,110.96 of arrears of interest on the subsidy granted by the Federal Government for the construction of the railway from Quebec to Ottawa. This sum is a receipt upon which we naturally cannot count another year; it must be struck from the ordinary receipts.

During the same period, a sum of \$51,499.45 was paid on account of the redemption of the consolidated debt. At first sight, one might be led to conclude that the payment of this sum involved a reduction of the debt by so much, but, on looking more closely into it, we discover that it amounts simply to the conversion of a consolidated into a floating debt,

inasmuch as the ordinary revenue not sufficing for the purpose, these \$51,994.45 had to be taken out of the temporary loans.

A sum of \$103,361.58 was collected on account of the debt due the Province in connection with the municipal loan fund. This sum represents a repayment of capital and I hold that it should not be included in the ordinary receipts.

I have included in the ordinary expenses a sum of \$100,000 applied to colonization roads. This sum, although specified in the budget as to be taken from a loan, really falls into the category of ordinary expenses. It is quite true that it is exceptional on account of its figure, but not so on account of its use, since expenses of this nature occur each year. As regards the cash and assets, it is a sum which will not have to be spent over again, but which, nevertheless, must be included in the class of expenses connected with the service of the fiscal year to which they apply.

The proceeds of the Quebec Court House debentures, \$50,000, which were discounted with the money coming from the price of sale of the Q. M. O. & O. Railway and form a special deposit for the redemption of the consolidated debt, have been entered in the receipts. That is to say, \$50,000 were taken from a special deposit yielding interest and entered in the receipts of that fiscal year, and this money was replaced by paper or bonds returning no interest. Theoretically, it is true that certain municipalities are required by law to pay the interest and sinking fund on these debentures, but, in practice, the municipalities do not pay and we are obliged to draw upon the revenue of the consolidated fund for the sum necessary to meet the interest and sinking fund on these \$50,000 and the \$150,000 similarly discounted the year before, that is to say, these Court House debentures to the extent of \$200,000 yield no interest whatever and consequently we lose the interest on that sum. Naturally, this receipt is not entered among the ordinary receipts.

Lastly, to reduce the deficit, the whole amounts of certain appropriations were not employed and other services were allowed to remain in abeyance.

Let us now glance at the receipts and expenses in the aggregate as they are set down in the public accounts for the fiscal year under review.

According to those accounts, there was paid during the fiscal year 1885-86, over and above the repayments of temporary loans, the sum of..... \$3,891,066 50

And the total receipts, exclusive of the proceeds of temporary loans, were..... 8,145,087 53

Making a difference of..... \$ 546,028 97

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But, from the ordinary receipts, must be deducted those arising from trust funds..... \$25,999 51  
 Less what was refunded on those funds..... 7,910 00 18,089 51

Which leaves the shortage..... \$564,118 48

According to the public accounts, this represents the excess of payments over receipts.

Our deficits on the whole of the operations consequently averaged \$500,000 a year, according to the public accounts. But this excess of payments over receipts does not indicate precisely the exact figure of the deficit, because among the payments there have been included sums which are covered by the last loan and, to supply the deficiency produced in the proceeds of that consolidated loan, temporary loans were contracted. Of course, this did not improve the situation in any way. All this is confirmed by the cash statement, which is as follows:—

Cash on hand on 30th June, 1885 ..... \$1,265,481 56  
 Add amount of temporary loans contracted during the year..... 750,000 00  
\$2,015,481 56

Cash on hand on 30th June, 1886..... \$1,034,703 49  
 Add amounts repaid on temporary loans..... 450,000 00 1,484,703 49

Leaving a difference of..... \$530,778 07  
 Less the warrants of 1885 paid in 1886..... 61,989 24

\$468,788 83  
 Add outstanding warrants of 1886..... 77,240 14

\$546,028 97  
 Difference between trust funds received and trust funds repaid..... 18,089 51

\$564,118 48

We paid for interest on the floating debt \$29,895.87 in 1885 and only \$26,846.68 in 1886, although the amount of the temporary loans was much larger than during the preceding year. How did this happen? It is easy to explain. In 1885, we received on the balance of the loan and other deposits a sum of \$80,078.60 in the shape of interest. In 1886, we received but 54,569.29 or \$25,509.41 less. This difference, added to the amount of the interest paid on our floating debt, \$26,846.68, forms a total of \$52,356.09. If from this sum be deducted the interest paid in 1885, namely \$29,895.97, there remains for 1886 an excess of interest to the extent of \$23,460.12,

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which indicates a reduction of capital to the extent of from \$470,000 to \$500,000. This proves that we have spent this sum over and above our means, including the balance of the last loan. In other words, this proves that we have taken this money out of the balance of our last consolidated loan and that we have replaced it by a temporary loan. In fine, this proves that this sum has been swallowed up over and above our other resources since our last loan.

The explanations I have just given therefore clearly show that during the fiscal year 1886 we spent upwards of \$500,000 more than our means.

I incidentally alluded a few moments ago to the expenditure incurred during the last fiscal year for colonization roads. Before going further, it may not be perhaps amiss to call the attention of the House to this expenditure and especially to the way in which the hon. member for Sherbrooke induced us to vote, for the last fiscal year and the current fiscal year, the enormous sum appropriated for this service.

#### Colonization Roads.

In 1885, the hon. member for Sherbrooke obtained a vote of \$70,000 for colonization roads. In his budget speech, he explained that as the amount expended for those roads during the previous year was \$82,000, he was effecting a saving of \$12,000 by only asking for \$70,000 in 1886. In the supplementary budget for this last fiscal year, he got an additional vote of \$100,000 for the same service and the same year, making \$170,000 in all. On this credit, \$152,214.00 were expended in 1886.

For the current fiscal year—1887—he entered a credit of \$70,000 in the budget for the same service. Here is what he said on the 7th May last in his financial statement :—

“ It will be noticed that in the grants last session, \$100,000 was special to colonization roads, not expected to be paid out of ordinary revenue but applicable to capital account.”

He carried this sum to capital account ; but, in his estimate of the receipts, he placed nothing to meet the payment of this expense which he ranked as an extraordinary one and, as a question of fact, he took the money from the revenue of the consolidated fund to meet it.

But let us continue the quotation of his own words :—

“ The amount asked for these services is \$164,815.00. Last session the amount appropriated was \$280,008.74, a difference, in favor of next year, of \$115,688.74. This, however, includes the special grant for colonization roads.”

On reading the last extract, one is naturally led to believe that the hon. member is going to effect a saving of \$115,688.74 in this service. This is what the House understood at the time. Now, this was not the hon. gentleman's intention, since—to repeat the quotation—he said in another part of his speech:—"So aside from this special grant, with the special grant to come up in the supplementary estimate this session, the difference is only \$15,688.74, less for next year than for this year.

One is per force inclined to believe that by this he desires to allude to the \$100,000 of which he speaks elsewhere

This language is unquestionably of a nature to make the House believe that there will be retrenchment in this service and it is only by attentively studying this paragraph that we come to discover that he is going to ask a further sum of \$100,000 in a supplementary budget. He begins by telling us that there will be a reduction of \$115,688.74 in this service, but he informs us further on that there will only be one of \$15,688.74. All this is done to convey the impression that there will be but one special credit of \$100,000, while in reality it is another sum of \$100,000 that he intends subsequently to ask in the supplementary budget.

Am I not perfectly warranted in stating and repeating that the financial statements of the hon. member for Sherbrooke were not calculated to enlighten the House and the country?

In a supplementary budget brought down towards the end of last session, he got us to vote a new credit of \$80,000 for colonization roads. It is item 52½ of the supplementary budget for 1887. With the amount already voted for the same fiscal year, this sum forms a total of \$150,000. That is to say, in the aggregate, we voted the following sums for colonization roads:

In 1886.....	\$170,000
In 1887.....	150,000
Total.....	<u>\$320,000</u>
We expended in 1886.....	\$152,214
From 30th June, 1886, to 1st February, 1887.....	135,000
Balance to be expended from 1st February to 30th June, 1887	15,000
	<u>\$302,214</u>

In other words, we expended in two years \$162,214 [more than the usual amount of \$140,000.

If this enormous sum of \$302,214 had been advantageously laid out for colonization, we might be consoled for the largeness of this outlay; but it is very much to be feared that it was employed more to influence the electorate in favor of the Government that preceded us than to really promote the cause of colonization. Pressure of other business since we took office has prevented us from enquiring into the manner in which this money was spent; but we are giving it our attention at present and certain information already in our possession is of a character to lead to the belief that my hon. friend, the Commissioner of Public Works, will have an opportunity to exercise his vigilance. In any case, it is easy to form an idea of what the agents of the Government were enabled to do during the last elections with so enormous a sum in hand as a weapon.

## II

**Statement of Cash Receipts and Payments from the 30th June, 1882, to 30th June, 1886.**

This statement, marked No. 1, is a complete summary of the cash receipts and payments for the period which it covers. It indicates whence all the sums received have been derived, as well as the nature of the payments made during the four years. I can affirm without fear that the whole of the figures are strictly conformable to the entries in the treasury books.

The transactions of the four fiscal years in question show an excess of \$577,774.94 of ordinary expenses over ordinary receipts or a deficit to that extent. This is the apparent deficit; but the real deficit is much heavier. The total of the ordinary receipts include the sums coming from the municipal loan fund, \$184,942.02 for the four years. As this amount represents a reimbursement of capital, of receipts that will not recur, it is unquestionable that they constitute an extraordinary revenue and that it must be deducted from the total of the ordinary receipts. This deduction would proportionately increase the deficit, which would thus be raised to \$762,716.96 or an average of \$190,679.24 per annum for these four years.

The ordinary receipts, as I have just specified them, include the increase of the subsidies which we obtain from the Federal Government. This increase of the subsidies produced \$187,310.68 in 1885 and \$301,271.64 in 1886 or \$488,582.32 in all. It is evident that, without this new source of revenue, the deficit would have been heavier, that is to say, that it would have been much larger under the Ross Government than under the Mousseau Administration. In 1883, when we were without the benefit of this addition to the Federal subsidy, the excess of ordinary expenses over ordinary receipts, including \$34,120.10 coming from the municipal loan fund, was \$330,614.11 and \$256,066.06 in 1884. Taking the

Figures given by the hon. member for Sherbrooke, the fiscal year 1885 shows a surplus of \$24,950.04. But the receipts include \$244,291.16 derived from the increase of the Federal subsidy and \$42,671.84 repaid from the municipal loan fund, or a total of \$286,963 of extraordinary receipts, as compared with previous administrations. If these \$286,963 are struck off from the ordinary receipts, instead of the small surplus of \$24,950.04 claimed by my hon. predecessor, the fiscal year in question will be found to show a deficit of \$262,012.96. For the fiscal year ended on the 30th June last, statement No. 1, actually under review, establishes a shortage of \$16,044.81. To this amount, there should be also added the increase of the Federal subsidy, \$244,291.16 and the \$102,361.50 repaid from the municipal loan fund carrying to \$362,697.47 the excess of ordinary expenses over ordinary receipts.

As will be seen, without the happy windfall which came to him so opportunely from the Federal Government and without the contingent from the municipal loan fund which he entered in the ordinary receipts, the hon. member for Sherbrooke would have had to acknowledge much heavier deficits than those of the administration of his predecessor, Hon. Mr. Wurtele.

I mention these facts to establish once more that, notwithstanding his professions of economy and good management, the hon. member for Sherbrooke did no better but worse than the others, and that if he gave us statements showing a more favorable situation, it was simply because those statements were prepared for that purpose. He concealed from us liabilities which he could not possibly have ignored and left others outstanding to diminish the figure of the payments, as will be demonstrated by the result of the current year. By such means any one whosever could have succeeded in establishing a surplus of receipts.

Now, let us examine the general result developed by this table of the four years.

The ordinary operations, or those classed as such, show a deficit of \$577,774.94. This is the excess of payments over the receipts, designated as *All other payments and all other Receipts* in the statement in question. But as indicated by the table, the receipts include the repayments on the municipal loan fund, forming a total of \$184,952.02. By striking off this sum from the ordinary receipts or by adding it to the shortage between the ordinary receipts and the ordinary expenses, it will be found that the total deficit on the ordinary operations of these four years amounts to \$762,716.96, instead of \$577,774.94.

So much for the operations termed ordinary.

The extraordinary operations or those on capital account show a still worse result.

In 1882, when we sanctioned the last consolidated loan, Mr. Treasurer Wurtele assured us that with the proceeds of that loan we would pay off our floating debt, that is to say, that we would have enough to settle all the outstanding debts, temporary loans and other claims of that kind, to pay the railway subsidies, and finally to wipe out the claims arising out of the construction of the Q. M. O. & O. Railway and the Parliament Buildings. These details will be found in black and white in Mr. Wurtele's budget speeches.

On the strength of those promises, we voted the loan of 1882 and the increase of that loan 1883. We realized on that loan \$3,479,533.34. In addition, we authorized another permanent loan of \$200,000 for the construction of the Quebec Court House, on which we realized \$200,000. In fine, during these four years, we contracted temporary loans to the amount of \$1,600,000 that for that period the total of those loans, both permanent and temporary, attained the figure of \$5,279,533.34. This figure cannot be questioned.

On the 30th June, 1886, there remained to our debit a balance of \$750,000 of temporary loans, \$938,350.65 to pay on the subsidies to railway companies, independently of those authorized by the legislation of last session, and one of \$259,420 to complete the Parliament Buildings. There remained also \$67,021 to pay claims connected with the construction of the Q. M. O. & O. Railway. In other terms, on the liabilities that were to have been extinguished with the proceeds of the loan of 1882, we were left on the 30th of June, 1886, with the following sums still to pay off:

Balance of railway subsidies authorized by legislation previous to 1882.....	\$938,350 65
Balance of claims for constructing Q. M. O. & O. Railway .....	67,021 00
<b>Total for railways.....</b>	<b>\$1,005,371 65</b>
Balance of cost of constructing Parliament Buildings.....	259,420 00
Balance of temporary loans to be repaid.....	750,000 00
<b>Making a total of.....</b>	<b>\$2,014,791 65</b>

This is what we had still to pay off with the remainder of the proceeds of the loan of 1882. What remained of the proceeds of that loan? Only \$688,711.32. The situation can therefore be summed up as follows:

Balance of liabilities to be paid off.....	\$2,014,791 65
Balance of proceeds of loan of 1882, appropriated to the discharge of those liabilities.....	688,711 32
<b>Leaving a shortage or deficit of.....</b>	<b>\$1,326,080 33</b>

If you eliminate from this table the balance of the temporary loans remaining to be repaid,—\$750,000.00—you will find that there was still a deficit of \$576,080.33 on the 30th June, 1886, in the operations on the loan of 1882.

But this is not all. The figures just given apply exclusively to the loan of 1882; but, in addition to this loan of \$3,500,000, which yielded to the treasury—\$3,479,533.34, we authorized another of \$200,000 for the construction of the Quebec Court House. At the date I have just mentioned we had realized \$200,000 of this loan, but there remained at least \$293,700 additional to be paid to complete the work payable out of the proceeds of that loan according to the law authorizing it, leaving, under this head a shortage of that amount.

Let us sum up now all these data:

Since 1882, we have received the proceeds of two permanent loans intended to extinguish certain specific liabilities enumerated in the statutes authorizing those loans. On the 30th June, 1886, we had taken in the entire proceeds of those loans and there remained on hand only a balance of \$688,711.32 of the loan of 1882; but, of the liabilities that were to have been paid off with these loans, \$2,308,491.85 still remained unextinguished, so that we had a shortage of \$1,619,780.33 on the extraordinary operations of those four fiscal years. If to this be added the shortage on the ordinary operations, as noted a few moments ago, a total deficit of \$2,382,507.20 is reached or one of \$762,716.96 in the so-called ordinary operations, deducting the amount received from the municipal loan fund during that period, and of \$1,619,780.33 in the operations covered by the loans.

Thus far I have only dealt with the cash transactions, that is to say, with the receipts, ordinary and extraordinary, of the four years in question, as well as with the payments, ordinary and extraordinary, made during the same period, and have shown the deficit on those operations. But this is far from disclosing the exact situation resulting from the administration of the affairs of the province during these four years. In addition to the deficit as above noted, there are also the pecuniary liabilities which we contracted through the legislation of last session on the subject of railway subsidies.

As I will have occasion to show in a few minutes, the law authorizing the conversion of the land grants into money grants has added, to the liabilities in prospect on the 1st July, 1886, and payable in cash, a sum of about \$3,588,550.00. At that date we had absolutely no other means of making good the amount of these liabilities but to have recourse to a loan.

It is true we had on hand on the 30th June, 1886, a sum of \$1,034,403.49; but on the other hand we had the following liabilities to pay off:

Mr. Treasurer  
ould pay off  
to settle all  
that kind, to  
arising out of  
ament Build-  
Mr. Wurtele's  
1882 and the  
9,533.34. In  
for the con-  
\$200,000. In  
o the amount  
h permanent  
ure cannot be  
a balance of  
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ings. There  
uction of the  
that were to  
1882, we were  
o pay off:  
8,350 65  
7,021 00  
5,371 65  
9,420 00  
0,000 00  
4,791 65  
of the pro-  
f that loan?  
s follows:  
4,791 65  
8,711 32  
6,080 33

Outstanding warrants of 1885-86.....	\$	77,240	14
Temporary loans from banks.....		750,000	00
Trust funds, &c.....		96,526	97
Jacques Cartier Bank claim.....		30,000	00
		\$1,023,767	11

Of the cash on hand, we had really available only a trifle of \$10,936.38 ; while against this small amount there remained to be set the following liabilities imputable to capital account :

Balance of railway subsidies mentioned in the schedule of February, 1883.....	\$	956,350	65
Balance of claims connected with construction of Q. M. O. & O. Railway.....		68,074	00
Balance of cost of construction, Parliament Buildings		259,420	00
Balance, cost of construction, Quebec Court House.		298,699	90
First half of the subsidies converted into money by the legislation of 1886.....		1,794,275	00
		\$3,372,119	55

I enter into all these details in order to make the House clearly understand that the result of the cash transactions or the difference between the receipts and payments is far from representing the situation as it stood after the four years' administration covered by the statement under consideration. At first sight, in looking only at the difference between the receipts and expenses, one is led to believe that the situation is not really serious, especially when the public accounts indicate a certain amount of cash on hand. Persons little acquainted with the position of things can hardly help believing that this cash on hand represents a surplus of receipts and that everything is going on for the best. But a very different conclusion is reached when, on sifting matters to the bottom, it is ascertained that the figure of the liabilities to be met exceeds by far that of the cash on hand, and that since the loan of 1882, with which we should have wiped off all our current liabilities at that date, we have contracted new engagements which have added millions to our liabilities and which we are utterly unable to meet without resorting to a new consolidated loan.

This is the real situation. With that calculated ingenuity which characterizes him, my hon. predecessor called this the restoration of the equilibrium and good order in our finances ; with that skill in which he excels, he managed to disguise the abyss into which he was plunging us, and he had the courage to try to make us believe that we were piling up



surpluses when he knew perfectly well that we were yearly adding large sums to the amount of our liabilities. It is by such means that he succeeded in burthening us with the enormous floating debt from which we can only now relieve ourselves by a permanent loan of several millions.

I think that these explanations and the tables in the hands of hon. members suffice to clearly show the progress of affairs from 1882, the date of our last consolidated loan, to the 30th June, 1886.

### III

#### **Operations and Results of the Fiscal Year 1886-87.**

Let us now examine the current fiscal year ending on the 30th June, 1887.

Hitherto the usage has been to pass over the current year in silence on account of the absence of complete information on the subject ; but the exceptional circumstances of the present case have decided me to pursue a different course, as it is of the utmost importance to ascertain as accurately as possible the position in which the result of the transactions of the present year will leave us.

For this fiscal year the hon. member for Sherbrooke calculated his receipts at \$3,093,622.80, and the appropriations he asked the House to vote to cover the total expenses aggregated a sum of \$3,483,293.55.

From the 30th June, 1886, to the 31st January, 1887, the receipts were \$2,093,213.91. But this sum includes \$76,786.26 of receipts not covered by his estimates, leaving, for receipts from the resources of revenue upon which he counted, \$2,012,988.69 of ordinary receipts. In any case, of the sum of \$3,093,622.80 at which my predecessor estimated the receipts of the present year, there were still to come in \$1,080,634.11 between the 1st February and the 30th June, 1887. But his anticipations will not be realized. After a careful study and revision of the receipts upon which we can count for the five months in question, the officers of the treasury have supplied me with a statement showing that those receipts will not exceed \$952,989.11, which makes a difference of at least \$127,645.00.

The hon. member for Sherbrooke estimated the expenditure for this fiscal year at \$3,483,293.55 ; this amount represents the aggregate of the credits which he asked the House to vote him last session. Now, between the 30th June, 1886, and the 1st February, 1887, the expenses paid out of these credits had already risen to \$2,705,400.94 ; so that, according to his own estimate, there would only remain \$777,892.61 to expend between the 1st February and the 30th June, 1887. But here again my predecessor was widely out in his calculations. The statement prepared by the officers of the treasury shows that for those five months, that is to say, for the unexpired term of the fiscal year from the 1st February to the 30th June, 1887,

the expenses will reach at least \$2,073,768.20. Add this sum to the amount of the expenses already paid during the first part of the fiscal year, that is to say, to the 1st February, and it will be found that the total expenses of the whole twelve months will foot up \$4,779,169.17, in other words, that they will exceed the estimate of the hon. member for Sherbrooke by \$1,295,875.62.

I may be allowed to remark that this is almost incredible. But it is unfortunately the truth, as established by the tables of statement No. 3 now in the hands of hon. members.

As may be seen, I have included in the revised estimate of receipts a sum of \$30,000 payable by the Ontario Government for interest on the common school fund. Now, this receipt is not at all certain, as for reasons alleged by it, the Ontario Government thus far refuses to pay this amount.

The Assistant Treasurer also assures me that the amount estimated by my predecessor from the administration of justice will certainly not be realized.

The hon. member for Sherbrooke estimated at \$35,000 the amount realizable from the contributions of municipalities and patients towards the support of the lunatic asylum. Since the beginning of the fiscal year, the receipts from that source have only amounted to \$6,271.53; so that to make good his estimate, \$28,728.47 will have to come in between the 1st February and the 30th June, which does not appear at all probable. How can we hope to take in \$28,728.47 during the last five months of the year, when we are only able to realize \$6,271.53 during the first seven? Of course, this would largely depend on the goodwill of the municipalities, but, even with the best intentions on their part, I doubt very much whether this receipt can be expected to come up to the figure fixed by the hon. member for Sherbrooke.

The interest on the price of sale of the Q. M. O. & O. Railway is set down at \$189,057.89 in the estimates of my hon. predecessor. Mr. Machins' revised statement only gives \$183,057.89, which makes a difference of \$6,000. This error is explained in this way. The hon. member for Sherbrooke, finding himself short of funds, took \$200,000 of the \$600,000 paid on account of the price of the sale of the road and subsequently replaced the money with Quebec Court House debentures. The law, indeed, requires certain municipalities to pay the interest on these debentures; but as it has remained a dead-letter up to the present, the Government lost or rather failed to collect the interest on those debentures, which were placed to the sinking fund, in lieu of \$200,000 in money bearing interest.

Consequently, instead of taking in, according to this estimate, \$1,080,634.11 from this to the end of the fiscal year, we shall certainly not receive more than \$952,989.11, according to my revised estimate.

As I stated a few moments ago, the hon. member estimated at \$3,483,293.55 the total expenses of the current fiscal year, this being the amount of the appropriations he asked the House to make last session. The revised estimate, supplied by the treasury officers, shows that the total expenditure will exceed by \$1,295,375.62 the amount of the appropriations voted last session, that is to say, that for the actual fiscal year, the expenses will amount to \$4,779,169.17 instead of \$3,483,293.55, the figure at which they were estimated by the hon. member for Sherbrooke.

These errors chiefly occur in the expenditure on capital account.

For the fiscal year under review, my hon. predecessor estimated at \$54,420 the cost of the construction of the Court House and at \$73,700 that of the Quebec Court House (See Budget Speech, 1886, p. 26), which makes \$128,120 for the two. Now, between the 30th June, 1886, and the 1st February, 1887, \$54,306.08 were paid on account of the construction of the Parliament Buildings, and \$70,876.55 on that of the Court House, a total of \$125,182.94, or the whole amount of the hon. member for Sherbrooke's estimate, less a trifle of \$2,937.06.

What was the situation when we took charge of affairs? Over and above the amounts paid as I have just explained, there were due on the 1st February, 1887, for work done and accepted by the Government, \$70,000 to the Court House contractors and \$90,000 to Mr. Charlebois, the contractor for the Parliament Buildings, that is to say, a total of \$160,000 in all, or \$157,062.94 more than my predecessor's estimate. This error is simply tantamount to one of 100 per cent.

Nevertheless, this is not all. Work on the Court House has been going on since the 1st February, and the works at the Parliament Buildings will be resumed as soon as the snow disappears, that is to say they will be carried on during the two months comprised between the 30th April and the 30th June. We shall thus have still more to pay for them, in addition to the \$157,062.94 due on the 1st February, in excess of the estimate of the hon. member for Sherbrooke. According to an estimate prepared with the utmost care by the architect of the Department of Public Works and by Mr. Lesage, the Assistant Commissioner the works that will be executed between the 1st February and the 30th June, 1887, will necessitate an outlay of \$52,823.15 for the Court House, and of \$40,113.91 for the Parliament Buildings, making a total of \$92,937.16, and when this sum is added to the increase of expenses already noted for the 1st of February, it will be found that my hon. friend, the member for Sherbrooke's estimate for these works, \$128,120, will be exceeded by \$250,000.10.

Mr. Speaker, let me say that this is rather inexplicable. If my hon. predecessor did not knowingly and deliberately mislead the House, the

late Government gave proof of an incompetence, of a recklessness, which I cannot refrain from characterizing as inexcusable.

That there was inexcusable carelessness on the part of our predecessors in the direction of the undertakings in question we have ascertained beyond doubt. It is almost incredible, but it is not less the fact that the works, in both cases, were executed partly by contract and partly by the day, in such a way as to leave the Government in reality at the mercy of the contractors. This was a most unwarrantable state of things. The work was done by *extras*, according to the schedules of prices of the original contracts, either upon the estimate of the architect, on the verbal order of the Commissioner and sometimes even upon the suggestions of the contractors themselves with regard to certain changes in the original plans of the buildings. It is consequently not at all astonishing, that, under such an irregular system, the contractors should have supplementary claims, but happily not admitted, amounting to \$316,000 over and above the enormous amounts with regard to which there can be no question, since they have been admitted by our predecessors on the certificates of the departmental architect.

In the statement of the liabilities which he gave us last session (Debates of 1886 p. 1021 and 1022) the hon. member for Sherbrooke fixed at \$289,700 the amount required to complete the Parliament Buildings and the Quebec Court House—\$135,000 for the former and \$154,700 for the latter. On the same head, he expressed himself as follows in his budget speech :—"The balance of debt is a little larger than per last statement occasioned by the increased estimate of the cost of completing the Parliament Buildings and Quebec Court House, and the furnishings of these buildings, but I thought it better to give the figures large enough to fully complete these buildings, furnishing and heating, for which no estimate was previously given."—(Budget Speech, p. 15 of the pamphlet and p. 1022 of the Debates.)

If the hon. member was sincere, if he was not deliberately misleading the House, what should we think of his competency and that of his colleagues? His "large enough" figures to fully complete these buildings and the furnishing and heating, form a total of \$289,700. He made this positive declaration to the House on the 7th May, 1886. Now, according to the official statements prepared with the greatest care by the officers of the Public Works and Treasury Departments, on the 30th June, 1886, or less than two months after the making of that declaration, \$259,420.00 were required to complete the Parliament Buildings and \$293,700 to finish the Quebec Court House, or a total of \$553,120 for the two structures.

Such was the situation when we took office.

And note well, Mr. Speaker, that these \$553,120.00 are distinct from and in addition to \$316,000 of further claims not admitted, but filed by the contractors, that is to say, \$127,000 for the Parliament Buildings and \$189,000 for the Quebec Court House.

This example, or rather this incontrovertible fact, gives us a good idea of the way in which my honorable predecessor used to make his budget speeches, as well as of the value of the information he gave the House.

The statements supplied by the officers of the Public Works and Treasury Departments establish that, when completed, the Quebec Court House will cost \$528,210.71 and the Parliament Buildings \$579,584.14. A comparison of these figures with the prices stipulated in the original contracts gives the following results :

*Court House.*

Cost of works, as above established.....	\$ 528,210 71
Price of work according to contract, as established at page 223 of the <i>Report of the Commissioner of Public Works</i> for 1883.....	\$ 135,000 00
<hr style="width: 100%;"/>	
Excess of real cost over contract price.....	\$ 393,210 71

*Parliament Buildings.*

Cost of work, as above established.....	\$ 569,584 14
Price of work according to contract as established at page 222 of the <i>Report of the Commissioner of Public Works</i> for 1883.....	\$ 185,160 64
<hr style="width: 100%;"/>	
Excess of real cost over contract price.....	\$ 394,423 50

As will be seen, the two buildings were to have cost, according to the original contracts, \$320,160.84 ; but, thanks to the unpardonable carelessness with which the works were supervised and directed by our predecessors, these two undertakings are going to cost \$1,107,794.95 or \$787,634.21 more than their contract price.

I ask you in all sincerity, Mr. Speaker, whether it was possible to give more absolute proof of want of competence and administrative capacity ?

There is a consideration, which lends a very strange and suspicious appearance to everything relating to these two undertakings. The Quebec Court House and the Parliament Buildings are the only public works of importance out of the common which have been executed since 1883 under the supervision and direction of the department in charge of such work. Now, inconceivable or at least inexplicable circumstance, while the reports of the Minister in charge of that department enter into the most minute details relative to the execution of the most trifling colonization

works, carefully and elaborately specifying whether the smallest bit of road or the most trifling piece of bridging has been built by contract or by the day, not a single word of information can be obtained from them respecting the modifications made in the contracts with Messrs. Whelan and Charlebois. They contain nothing whatever to show at least how the works are being executed or to explain how it happens that works given out by the job for \$320,160.84, are now executed in part by the day and are going to cost \$1,107,794.85 or \$787,634.21 more than their original contract price. There is in this something strange, something inconceivable and, short of supposing that men who rendered themselves guilty of such impardonable conduct, were completely ignorant of the most elementary duties of their trust, I have a right to say that if they withheld all the necessary information which should find a place in their reports, it was because they were perfectly aware that their conduct was extremely blameable, utterly reprehensible, and that they sought by this unwarrantable silence upon the most important transactions, to escape from the reproaches which the public would not have failed to make against them, if their acts had been laid bare.

Many things, Mr. Speaker, are explained by all these facts. Especially, do they afford us an insight into the manner in which the affairs of the country were managed by our predecessors. They fully explain how the hon. member for Sherbrooke was enabled to declare to this House, particularly last session, that he had succeeded in restoring the equilibrium in the budget, when he knew perfectly well that the position was growing worse from day to day, and they explain further how that hon. gentleman had the singular courage to officially proclaim, on his word as a Minister of the Crown, on the 7th May, 1886, that the present fiscal year would show an excess of \$145,429 in the receipts. (*Debates of 1886, p. 1031 Budget Speech, p. 26*) When in less than ten months afterwards the officers of the department he controlled establish by an official report prepared with the greatest care, that the very same period will result in a shortage of \$1,732,966.15 upon the operations of the twelve months. I defy him to contradict the correctness of this statement, and to deny that the total expenditure for this fiscal year, instead of being \$3,483,293.55, as he estimated it, will be \$4,779,169.17, which involves an error in his estimate of over \$1,295,875.62. I defy him to deny that the total receipts of this year, instead of being \$3,093,622.80, will be \$3,046,203.02, involving a shortage of at least \$47,418.78 in his estimate.

How the facts have come to give such a crushing contradiction to the hon. member's estimates and declarations is easily explained. According to his usual habit, he wanted the House and the people to believe that he had succeeded in establishing an equilibrium in his budget. For that pur-

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pose, he adopted a very simple proceeding. He submitted an estimate of expenses which left in abeyance or unprovided for service and liabilities for which provision must now be made by a supplementary budget of \$910,332.57 to supply the insufficiency of the credits which he asked the House to vote him.

Such a state of things must be very humiliating to those who were responsible for it. It clearly proves that our predecessors pursued a financial policy which was simply fallacious and opposed to every principle of political economy, and that they burthened the Province, in a single fiscal year, with liabilities to the extent of over \$1,120,779.12, without proposing or making known to the House the ways and means by which so enormous an outlay was to be met.

A glance over the revised estimate of the expenses, prepared by the Assistant Treasurer, will show that an additional sum of \$43,000.00 will be needed for the interest service. This is due to the increase of the temporary loans and the withdrawal of certain deposits. All the other items of the supplementary estimates are required to cover the deficiency in the appropriations voted last session.

Here again we have a striking example of the course pursued by our predecessors and their way of equalizing the receipts and expenses.

In the supplementary estimates there is a sum of \$486,000 to pay on account of subsidies to railway companies. This estimate is based on a report prepared by Mr. Moreau, heretofore secretary of railway affairs. On the strength of this report I have every reason to believe that the whole of this sum will be needed to pay the subsidies due in virtue of the schedule of February, 1883, and of the legislation of last session, arising from the conversion of the land grants into money grants.

Such of the hon. members as were in the House last year will recall how energetically we protested against this abnormal legislation, which imposed upon us obligations out of all proportion to our resources and made provision for the ways and means to raise the funds necessary to meet these new subsidies.

Owing to the spirit which then animated the majority of the members of this House, no attention was paid to our protests, so that the responsibility for our present pecuniary straits falls upon our hon. friends of the Opposition. These embarrassments are the fruits of their recklessness and of their fallacious practice of giving us misleading statements of the situation.

Our predecessors thus increased both the consolidated and the floating debts, while proclaiming before the House that the era of deficits had come to an end.

Now let us sum up the results of the operations of the current year and the way in which it is going to affect the situation :

According to the revised estimate, as given in the table, the balance of payments for this fiscal year, that is to say, the expenses to be incurred from the 31st January to the 30th June, 1887, amounts to.....	\$	1,194,290	33
We must deduct from this sum the credit voted for the sinking fund rendered useless by the legislation of last session, or.....		30,854,	67
Leaving.....	\$	1,163,433	66
But the amount of the supplementary estimate must be added		910,332	57
Making a total expenditure for the five months of..... as enumerated in the table prepared by the treasury officers.	\$	2,073,768	29
To meet these expenses, we only have the balance of the receipts for those five months as estimated by the treasury officers, in the same table, namely.....		952,989	11

Thus leaving a shortage of.....\$ 1,120,779 18  
for which no provision whatever was made in my predecessor's budget.

This is how the operations of the present fiscal year are going to come out.

How are we to cover this enormous deficit, this heavy excess of expenses over receipts? We have no other resort but a loan. On the 31st January last the figure of our temporary loans had attained \$500,000; with that which must be contracted to cover the deficit just established, this figure must be raised to \$1,620,779.12, that is to say, that, at the end of the present year, we shall owe upwards of a million and a half in the shape of temporary loans. It is clearly impossible to continue to live on temporary loans, especially when it is recalled that we shall shortly have to meet other heavy liabilities for which no provision was made by our predecessors. A system of the kind would be simply ruinous, and we must, therefore, of necessity consolidate this enormous amount of floating debt to regulate our position and put our affairs in order. This is the task that devolves upon us. The situation is not very bright—far from it; but with the good will and help of the House, with the energy we are determined to throw into the work, we shall find means, I trust, to surmount existing difficulties and to extricate the province from its present embarrassments.

#### *Special Warrants.*

I said that the estimates of my hon. friend from Sherbrooke were insufficient. He has himself admitted this by issuing special warrants for \$25,142.72 from the 13th October to the 31st December, 1886, as appears by

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Those warrants were issued for the following purposes:

Eastern Townships Agricultural Association (Sherbrooke  
Exhibition)..... \$5,000 00

Aid to fishermen of the North Shore of the St. Lawrence to re-  
move and settle them with their families in Beauce,  
after their arrival Natashquan, and elsewhere, on board  
one of the Federal Government's steamers ..... 6,000 00

Central Health Board, Montreal ..... 1,142 72

Election Expenses..... 13,000 00

\$25,142 72

The other items are more or less excusable; but the \$13,000 for election expenses seem to me more than extraordinary. The cost of a general election is perfectly well known, and, if there was no extravagance, I cannot understand how my hon. predecessor could make such a mistake in an item so easily forseen.

*Supplementary Budget for 1886-87.*

But a still more striking proof of the inadequacy of the hon. member for Sherbrooke's estimates is furnished by the additional credits which I will be forced to ask the House to vote, and which compose the \$910,332.57 required to complete the year's service. The following are the details of the sums needed to meet the inevitable expenses of this fiscal year:

Public debt.....\$43,000 00

Legislation ..... 21,437 22

Civil government..... 7,430 19

Administration of justice..... 10,000 00

Police..... 750 00

Reformatories, reform and industrial schools..... 4,000 00

Public instruction..... 6,410 00

Literary and scientific institutions..... 7,599 16

Agriculture..... 606 00

Lunatic asylums..... 13,000 00

Crown Lands expenditure..... 17,600 00

Royal Commission *in re* Q. M. O. & O..... 5,000 00

Aid to North shore fishermen..... 3,500 00

Public Works and Buildings—	
Rents, repairs, insurance.....	\$10,000 00
Construction, Parliament buildings .....	130,000 00
Construction, Quebec Court House.....	120,000 00
Purchase of ground for enlargement of Montreal Court House.....	18,000 00
	278,000 00
Teachers' Pension Fund, six annual instalments, according to Act 43-44 Victoria, chap. 22, sec. 12.....	6,000 00
	424,332 57
Railway subsidies.....	486,000 00
	\$910,332 57

The amounts required for the interest on the public debt and the subsidies to railway companies are statutory appropriations which do not need to be voted; but I include them in the supplementary budget, for purposes of information to show the House all that is short in my predecessor's estimates. The inadequacy of the sum appropriated for the interest service arises from the withdrawal of certain interest-bearing deposits and from the payment of large sums on account of the subsidies to railway companies.

Under the head of *legislation*, we are compelled to ask a further credit of \$21,437.22 to provide for the payment of certain services which cannot be allowed to stand over. Here are the details:—

Writers and messengers.....	\$ 3,262 30
Stationery.....	643 06
Newspapers.....	1,966 13
Sundries.....	80 25
Printing.....	3,000 00
Library of the Legislature.....	8,000 00
Sessional employees.....	700 00
Election expenses.....	3,785 48
	\$21,437 22

The \$7,430.19 asked for civil government are wanted to cover the insufficiency of the credit voted last session.

Out of the current year's credits for the administration of justice, \$10,000 were paid for expenses of the previous year and they would be short to this extent on the 30th June, next, which explains why we ask this supplementary vote. The amount asked for police is also necessitated by the insufficiency of the credit.

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The sum asked for reformatories and industrial schools is intended to cover the shortage in the credits voted for those services.

The department of public instruction owes \$6,410.00 arrears on the purchase of prize books. We desire to pay off all these accounts, in order to square up all these purchases and to see in future that the department does not run beyond its annual appropriation, as has been the constant practice for some years. It is to wipe off existing liabilities and put an end to the system of exceeding the appropriations that we ask the sum just mentioned.

A sum of \$7,599.16 is asked for *literary and scientific institutions*. It is to pay the accounts due for printing the archives of the Province that we ask this money. We want to pay for the work done without further delay and to abolish the system of arrears.

The credit for *journals of agriculture* is insufficient, and it is to cover the deficiency that we ask \$606.00.

The credit voted for lunatic asylums was sufficient to meet the outlay for the current year; but \$15,000.00 were taken from it to settle expenses of the previous year, which causes a shortage of \$13,000.00, and we require this amount to leave no arrears at the close of the present fiscal year.

It will require \$17,600 to cover the insufficiency in the Crown Lands service.—\$9,000 being for the cadastral service and \$8,600 for that of surveys.

Hon. Judge Routhier has sent in a statement showing that, over and above the amount voted last session, an additional sum of \$5,000 will be required to meet the expenses of the Commission to enquire into the affairs of the Q. M. O & O. We ask for this amount.

By section 12 of the statute of 1880 which establishes the Teacher's Pension Fund, the Government is obliged to contribute \$1,000 annually towards this fund. For reasons which I ignore those payments were not made by the Governments that preceded us, and the credit I ask is to supply this omission. If the Government wants to see the teachers pay in their contributions with punctuality and have this pension system work properly, it must itself conform to the requirements of the law.

The accomodation afforded by the Montreal Court House is no longer adequate; the building must be enlarged or undergo certain improvements. Our predecessors had decided upon carrying out these works, and had previously included \$50,000 in a budget for the purpose. These improvements are moreover demanded by the Montreal Bar. The \$18,000 which I have placed in the supplementary budget are to be used for the purchase of the ground required for these improvements.

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As already stated, there are several items which do not need to be voted, as they are already authorized by law ; but I have included them with the others to show the House as clearly as possible the deficiencies in the different services for the current fiscal year.

## IV.

**State of the Cash Account On 31st January, 1887.**

I was not astonished, but I was a little discouraged at the condition in which I found matters when I assumed the direction of the treasury.

We took the oaths of office on the 29th January and assumed charge of our departments on the 31st. On entering the treasury I asked Mr. Machin, the assistant-treasurer, for a statement of the cash, as well as of the probable receipts and expenses for the remainder of the current fiscal year. It was handed to me shortly afterwards. I discovered that all the cash we had on hand in bank and available to meet the ordinary expenses of the public service, was the enormous sum of \$19,240.49, of which \$15,540.86 were in the Union Bank and \$3,699.63 in the Eastern Townships Bank. I ascertained also, on the other hand, that on the 31st January, the Government account with the Montreal Bank had been over drawn to the extent of \$21,568.05 ; that at the treasury office there were outstanding warrants to the amount of \$14,832.88, and an order-in-council authorizing the payment of \$35,000.00 to the Baie de Chaleurs Railway on account of its subsidy, that is to say, that there were \$71,400.98 worth of claims due and payable and only \$19,240.49 available to meet them with, leaving a shortage of \$52,160.44.

As you see, Mr Speaker, even supposing that we were as ravenous as a certain journalist has been courteous enough to represent us, there was nothing for us to take out of the public chest when we opened it. Probably, to protect the country against the disasters of our invasion, our predecessors had taken the precaution to put all the money in a safe place before resigning and to leave us nothing but the key of an empty chest.

The outlook for the three months comprised between the 1st February and 1st May was even still more discouraging than the state of the cash. My predecessor had drawn and spent all that portion of the Federal subsidy payable in the month of January. The other heavy items of revenue, the receipts from licenses and timber dues, would only come in in May and June, so that for those three months we had comparatively no revenue to count upon. On the other hand, the payments to be made during those same months were heavy. Besides those connected with the session, there is the half-yearly interest service on a large part of our consolidated debt, which must be made before May, as this interest falls due in Eng-

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land on the 1st May. Lastly, the Assistant Treasurer informed me that for these three months, it would be necessary to make provision against a shortage of \$638,369.44. He laid before me a statement showing that the payments would amount to \$1,049,459.93, while the receipts would only aggregate \$411,090.49, including the \$19,240.49 cash on hand and available on the 31st January, 1887. Here is the record of the payments and receipts forming the totals just mentioned :

*Amounts payable from the 31st January to the 1st May, 1887.*

Shortage in the account with the Bank of Montreal on 31st January, 1887.....	\$ 21,568 05
Outstanding warrants.....	14,832 88
Legislation, election expenses and the appropriation for the Debates of last session included.....	84,550 00
Administration of justice.....	88,000 00
Reformatories and industrial schools.....	20,500 00
Inspection of public offices.....	1,000 00
Lunatic asylums.....	37,000 00
Civil government salaries.....	38,000 00
“ “ contingencies.....	5,000 00
Public instruction.....	88,000 00
Crown Lands.....	20,400 00
Immigration and repatriation.....	2,200 00
Agriculture.....	5,350 00
Colonization roads.....	15,500 00
Public works and buildings, rents and repairs.....	28,123 00
Parliament House and Court House (more than the appropriations).....	124,000 00
Interest on the loans of 1874, 1876 and 1878 for the five months ending on 1st May, 1887.....	267,136 00
Expenses and commission on this sum.....	1,300 00
Interest on temporary loans.....	14,000 00
Q. M. O. & O. Railway claims.....	8,000 00
Railway subsidies, including \$35,000, of which payment was authorized by order in Council.....	150,000 00
Making a total of.....	\$1,049,459 93

The receipts to come in were far from covering this amount, as will be seen from the following figures :

*Receipts from the 31st January to the 1st May 1887.*

Cash on hand on 31st January.....	\$ 19,240 49
Crown Lands.....	50,000 00
Law and registration stamps.....	50,000 00
Licenses and other revenues.....	50,000 00
Interest on price of sale of Q. M. O. & O.....	182,000 00
Interest for 6 months on the railway subsidy from the Federal Government.....	59,850 00
	\$411,090 49

To cover the shortage, there was no other resource left but a loan. My hon. predecessor so well understood this that a few days before the resignation of the Ross Government, he instructed Mr. Machin to prepare an order-in-council to authorize him to borrow \$250,000. This order-in-council would have been passed and the loan would have been contracted by the hon. member for Sherbrooke, if the resignation of the Ross Government and the defeat of the Government of the hon. member for Montcalm had not intervened to put an end to the transaction.

It is not amiss to note that at the time the hon. member for Sherbrooke was thus preparing to borrow \$250,000, he had taken in the part of the Federal subsidy payable in the month of January, that is to say, that he had just received from the Federal Government a sum of \$571,086.40. Out of this receipt, he had repaid, on account of \$750,000 of temporary loans at the date of June 30th, 1886, a sum of \$250,000, as the bank was unwilling to continue this loan at 4½ per cent., and it was undoubtedly to replace these \$250,000 that he wanted to borrow a similar amount.

Of course, Mr. Speaker, we were obliged to borrow to procure the funds required for the payment of the current expenses of the public service and to save the Province from the disgrace of having to suspend payment of its current debts, because it had no money.

We were therefore authorized to borrow \$300,000. I intended only to take \$150,000 of this loan, just the amount necessary to meet the most pressing claims, and to not draw the other half until later in order to save interest; but the banker with whom I negotiated the loan declared it to be impossible to hold at my disposal the whole amount of the loan I needed, unless the whole amount were at once borrowed and placed to our credit. To procure the money, it was necessary to make certain displacements of funds, which it is, not always easy to do at a given moment, so that in order not to run the risk of disappointment, and above all, to obtain what I wanted, I was obliged to take \$200.00 out of the whole \$300,000 at once at 5 per cent. I found two institutions willing to advance the money, but both demanded 5 per cent. and refused to lend at a lower rate.

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Moreover, this was the ordinary rate for temporary loans—the only exception I am aware of being the loan which my hon. predecessor was forced to repay in the month of January, because the bank would not renew at 4½ per cent.

Such, Mr. Speaker, was the state of the cash account when we took office. It is almost incredible. We have in it evidence of a want of foresight and a recklessness which go far to explain many things. What surprises me is that the friends of the Government, which left us so sorry a legacy, have had the courage to accuse us of squandering and even of plundering when we were left an empty chest. The House and the country are now in a position to judge of the bad faith of such tactics. But the latter will not succeed. The information which I give with the most scrupulous accuracy respecting the state of the cash account will show the public what should be thought of such accusations and of those who make them.

It has been charged that with the proceeds of this loan we have paid sums on account to contractors in order to get subscriptions from them to a special fund for the Federal elections. I am happy to be in a position to declare that not one cent has been paid them out of this loan and that, as a matter of fact, not one cent have they received from us since we came to power.

## V

#### Assets and Liabilities on the 31st January, 1887.

Mr. Speaker, we are willing to bear our own share of responsibility; but we object to being saddled with that of others. When we took over the control of the affairs of this Province, we found a depleted treasury and innumerable obligations; now, we must establish this fact in order to make perfectly clear the necessity of the measures we are forced to adopt to meet the situation. For this purpose, I have caused the treasury officers to prepare the table that will be found in statement No. 4, or the *Approximative statement of the Assets and Liabilities of the Province of Quebec on the 31st January, 1887*, the date of our taking office. It is a faithful inventory of the estate left us by our hon. friends of the Opposition.

According to this statement, the liabilities or amount of the obligations of the Province on the 31st January, 1887, aggregated \$22,143,447.65 and the assets represented \$10,754,280.54, so that the net debt was \$11,389,167.11.

The liabilities are divided into consolidated debt and floating debt.

The consolidated debt is composed of the first five consolidated loans negotiated in the money markets of Europe and the United States, and in Canada as regards a portion of the loan of 1883. Of these five loans, forming a total of \$18,854,353.34, we had redeemed up to the 31st January, 1887,

by means of the regular sinking fund service or by taking up the bonds, a sum of \$699,340.01, so that at that date there remained still unredeemed or in the hands of the bondholders an amount of \$18,155,013.33.

In addition, there were the Quebec Court House debentures, \$200,000, which constitute a permanent loan and increase to \$18,355,013.33 the total of the permanent or consolidated debt, on the 31st January, 1887. According to the law authorizing it, the Court House loan was issued in the name of the Province and upon its responsibility; but the municipalities of the district of Quebec are accountable for the payment of the interest and sinking fund.

Against the balance of \$18,155,013.33 remaining unredeemed upon the first five consolidated loans, we have the two first sums mentioned in the table of assets, namely: the price of sale of the Q. M. O. & O., \$7,600,000 and \$2,394,000 representing the capital of the subsidy granted to us by the Federal Government in 1884 as an indemnity for the construction of the railway between Quebec and Ottawa. These two sums form a total of \$9,994,000.00 and are specially set apart by the statutes of the Province for the redemption of the balance due on our first five loans. By striking off from this balance of \$18,155,013.33 of unredeemed loans the \$9,994,000.00 representing these two assets, there remains on these loans a balance of \$8,161,813.33 for the redemption of which we have no available asset. In other words, on the 31st January, 1887, the net figure of the consolidated debt or the excess of that debt over the assets was \$8,161,813.33.

This, of course, takes it for granted that all our assets are realizable and sure. But there is a portion of them which prudence would, perhaps, compel us to class in the category of doubtful. The law, which guarantees us the railway subsidy, does not provide for the payment of the capital, but only for that of the interest. In reality, this subsidy only constitutes a perpetual annuity. According to the terms of the Act itself, it is simply a capitalization, that is to say, an estimate of the value reached by calculating at 5 per cent. the capital represented by the annual rent it yields. It is very true that the hon. member for Sherbrooke, who arranged this affair while he was Treasurer, pretends that the Federal Government bound itself to pay us the capital (Budget Speech, 2nd May, 1884, pages 51 and 52) but, as against his pretensions, we have the opinion of the Minister of Justice, who holds that the Federal Government cannot pay off this capital without the sanction of an express law to that effect. This opinion of the Minister of Justice was referred to by the hon. member for Sherbrooke himself, when, in speaking of this matter in his budget speech of 1885, he said:—

“ While the Dominion had provided for the payment of the interest to Quebec, according to the arrangement come to between the two Governments of the Dominion and of Quebec, the Minister of Justice was of opinion



*that it was necessary to pass a law to authorize the payment of the capital at any date whatsoever.*" (Debates of the Legislature, 1885, p. 388.)

Well, now, the law in question has not yet been enacted, because that passed by our Legislature last session is still without effect, and, according to the opinion of the Minister of Justice, the Federal Government, even were it willing, could not hand us over this capital. If it never passed this law, our assets would be reduced by \$2,394,000 and in that case the shortage on the consolidated debt would amount to \$10,555,013.33.

The instalments paid on account of the price of sale of the Q. M. O. & O. include \$200,000 represented by the debentures of the Quebec Court House loan, that is to say, by the bonds of an asset that may not realize \$200,000. This sum represents the value of these bonds at par, so that, should it be impossible to negotiate them at that figure or if a certain discount be lost, this loss will proportionately reduce the value of the asset represented by the bonds or debentures in question.

Of the portion paid up of the price of the railway, there is a sum of \$400,000 deposited in different banks. I think that this money might be invested more safely and advantageously. We have already lost a considerable amount on the \$100,000 deposited in the Exchange Bank, and without being a pessimist, it is quite legitimate to fear that the misfortune which overtook this bank may happen to others, a contingency that would expose us to the further loss of a considerable portion of these moneys that are set apart by law as a sinking fund for a corresponding sum on our consolidated loans.

But there is a still more urgent reason for changing this investment. We are paying 5 per cent. as interest on the loans which these deposits are intended to redeem; now \$205,000.00 of these deposits only bear 4 per cent., so that we lose 1 per cent. or \$2,050 per annum. Under the circumstances, it seems to me that we could employ this money to greater advantage by applying it to the redemption of a proportionate amount of our bonds, if this be possible, or in any other way more favorable to the public interests.

On page 13 of the Public Accounts for 1886, there is a sum of \$2,549,213.61 specified among the investments and advances made by the Province as "Province of Quebec's share of capital on which increased subsidy payable by the Dominion under the Act 47 Vic., Cap. 4, is based." We cannot claim this capital, but to the interest merely on this capital, which consequently has no right to figure among the assets, and this is the reason why I have struck it out from under that head. I am warranted in doing this by the text of the law itself and the declarations of the hon. member for Sherbrooke. He is thoroughly posted with regard to this affair, since it

was he who arranged it with the Federal Government. Here is what he stated on the subject in his Budget Speech of 1885 :

*" I have not entered in the assets the \$2,549,213.61, amount of the interest retained by the Dominion Government from 1867 to 1873..... but the Dominion Government, after a more attentive examination, acknowledged our rights and consequently allowed us the interest on the amount kept back from us from year to year, with interest at 5 per cent. on the various sums, forming in all \$2,549,213.61. We receive no part of this capital, but only the interest at 5 per cent. a year, which interest is used for the maintenance of our provincial institutions, in view of our inability to draw the capital to redeem our funded debt. I have considered it as an additional subsidy and not as forming part of our assets." (Debates of the Legislature, 1885, p. 387.)*

This formal declaration settles the question. It explains why these \$2,549,213.61 figure no longer in the table of assets.

Let us now turn to the floating debt :

Deduct from the total liabilities the \$18,155,013.33 remaining unpaid on the five consolidated loans and the \$200,000 of the Quebec Court House loan and the result gives us the figure of the floating debt, which, on the 31st January, 1887, amounted to \$3,788,434.32. The liabilities composing this amount are clear and indisputable. The first of them includes the temporary loans, \$500,000, and the trust funds, which latter amount in the aggregate to \$229,227.67, as follows :

Deposit, Catholic Committee of the Council of Public Instruction.....	\$ 9,943 48
Deposit, Protestant Committee of the Council of Public Instruction.....	28,000 00
Teachers' Pension Fund.....	148,407 19
Marriage Licenses.....	3,612 00
Deposits given as security for public officers.....	6,500 00
Proceeds of insurance on old Parliament House.....	32,765 00
	\$229,227 67

By section 2 of the Act 36 Victoria, chapter 6, the Treasurer of the Province is bound to deposit at interest the balances remaining over in each year on the credits voted for public instruction, and these deposits are shared between the Protestant and Catholic committees of the Council of Public Instruction, who expend them as required or allow them to accumulate, but always retain their exclusive control. They are special funds, beyond the control of the Treasurer, who is bound to hold them at the constant disposal of the two committees and cannot employ them for any

other objects. These are the deposits that figure in the foregoing table at \$9,948.48 and \$28,000, respectively.

By the Act 36 Vic., Chap. 3, the marriage licenses constitute another special deposit in favor of the Protestant institutions of higher education, and the Treasurer exercises no more control over it than over the others just mentioned. When it accumulates, it is credited to the Protestant Committee of Public Instruction, who dispose of it as prescribed by law.

The teacher's pension fund—established by the Act of 1880, 43-44 Victoria, chapter 22—is composed of sums annually retained upon the salaries of the officers of primary education, the common school fund, a portion of the superior education fund, coupled with an annual contribution of \$1,000 payable by the Government. These sums are paid over to the Treasurer, who is bound to invest them in securities of the Province or of the Dominion of Canada and to apply the interest thereon to the payment of the pensions. For reasons which I leave the House to appreciate, this investment has not yet been made; the money received from this source has been spent in paying the expenses of the public service, and, to comply with the requirements of the law, I must needs find this sum of \$148,407.19 diverted from its destination by our predecessors, and invest it in the manner prescribed.

It occasionally happens that certain public officers, who are bound to give security, prefer to deposit a sum of money in the hands of the Government, which is only the depository of the sums thus entrusted to it and must reimburse them when those officers furnish another security or leave the service. The amount of deposits of this class, as above mentioned, is \$6,500.00.

As for the \$32,765.00 coming from the insurance of the old Parliament House, I believe—if I understand the question rightly—that this sum has been set apart to be handed over, with the site, to the Federal Government in order to relieve us of the perpetual ground rent of \$4,444.00 a year payable on that unproductive property. At 5 per cent. this rent represents a capital of \$88,880, which far exceeds the value of the property, and the \$32,765 of insurance, so that it would be to our advantage to hand back the whole to the Federal Government. I presume it was with this object in view that my hon. predecessor had included this sum in the special funds before we came into office, and that he had written to the Federal Government to offer them this sum together with the property, provided that in future they would pay the annual rent of \$4,444. The Federal Government, however, turned a deaf ear to the proposal and it now remains for us to see what can be done.

The outstanding warrants on the 31st January, amounting to \$16,196,-78, and the deficit of \$370,842.06 on the ordinary operations of the current

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fiscal year, can only be met by means of loans and this explains why they are entered among the liabilities. They proportionately increase the debt of the province.

The sum of \$579,732.25 is the balance that still remains to be paid on the railway subsidies mentioned in the schedule of February, 1883.

The two next following amounts in that table, forming a total of \$1,548,428.50, represent the liabilities we incurred through the laws passed last session to convert into money subsidies the land grants made to railway companies in 1882. The total amount of these subsidies, whose conversion is authorized, by the law of 1886, is \$3,538,550, estimating the land at 70 cents per acre as the value fixed by the law.

As may be seen on reference to statement No. 4, I have entered in the liabilities specified therein only the half of the sums which the conversion of these subsidies represents in money, deducting the \$245,846.50 already paid on account, and I leave in the category of doubtful obligations the sum of \$1,794,275.00 represented by the 35 cents per acre which we will have to pay to the companies when the lands specially appropriated to these subsidies shall have been sold. I do not speak either of the money grants made by the same law to certain companies.

At first sight, one is inclined to believe that the sale of these lands will go far to liquidate the debt resulting from the legislation under consideration; but, on looking more closely into what the sale of the lands will bring and what it will cause us to lose in our revenue from woods and forests, a different conclusion is quickly reached.

According to the information supplied by Mr. Moreau, secretary of railway affairs, the subsidies in question form a total of 5,126,500 acres of land or a superficial area of 8,010 miles. What will the sale of these lands bring? The statute fixes the price at 70 cents per acre—to establish the proportion of the sums payable to the different companies; but it is evident that we cannot sell at that price. From the 30th June, 1867, to the 30th June, 1886, 2,633,892 acres of Crown lands were sold, and the amount realized from the sales was \$1,046,490.90, which gives an average of 39.7 cents per acre. At this price, the 5,126,500 acres, comprised in the subsidies convertible into money represent \$2,035,220.50. But, to deliver these lands to purchasers, they must be surveyed, which will cost about 17 cents per acre, taking the average cost of such work as done by the Crown Lands Department from 1867 to 1886. For the 5,126,500 acres, at 17 cents per acre, the cost of surveying will form a sum of \$871,505.00. This sum must naturally be struck off from the gross proceeds of the sale of the lands, which will thus be reduced to the net figure of \$1,163,715.50.

There is another consideration which should not be overlooked. In selling these lands for settlement, we take them away from the lumbering industry and proportionately diminish the receipts from our woods and forests. Calculating according to the data furnished by the report of the Commissioner of Crown Lands for 1886, the amount thus lost to the treasury, in the shape of annual revenue, will be \$91,954.80. Capitalized at 5 per cent., this revenue would represent a capital of \$1,839,088.00. That is to say that the sale of these lands, which will bring net but \$1,163,715.50, after deducting the cost of surveys, will entail a loss of annual revenue representing a capital of \$1,839,088.00; so that instead of supplying us with means to discharge the liabilities resulting from the legislation of last session, these sales will occasion a loss of capital to the extent of \$675,372.50 or the difference between what we shall lose on our timber revenue and what we shall derive net from the sale of the lands.

This is on the presumption that the lands will be sold immediately. But it will take thirty-seven years to sell them, if the sales are effected in the same ratio as since Confederation. In nineteen years from the 1st July, 1867, to the 30th June, 1886, we could only sell 2,633,892 acres of Crown lands; and to sell the 5,126,500 acres comprised in the railway subsidies, in the same annual proportion, it would take thirty-seven years on an average of about 138,554 acres a year. At 70 cents per acre, less the 17 cents per acre for the surveying, these sales would realize \$84,033.02. The interest on the \$1,794,275, representing the first 35 cents amounts at 5 per cent. for each year to \$89,713.75, so that, supposing against the probabilities that we should sell the land at 70 cents per acre cash, the net proceeds would still not form a sufficient amount annually to meet the interest on the half of the sums granted, while leaving nothing for the redemption of the capital.

Lastly, it is well known that it is impossible to collect a large proportion of the price for which Crown lands are sold. I think it is no exaggeration to say that, to calculate safely, at least 20 per cent. must be struck off the nominal price, which, in practice, would result in our not being able to count with certainty on more than \$67,226.90 from the sale of these lands to meet \$89,713.75 of interest on the \$1,794,275.00 of subsidies payable to the companies for the first 35 cents, thus leaving an annual shortage of \$22,486.85. Again, these sums will have to be paid immediately to the companies on account of the last 35 cents, since by law they are entitled to get the money the moment the lands are sold.

It is therefore perfectly clear that we cannot rely on the sale of these lands to wipe off the capital of the pecuniary liabilities which we contracted through last session's legislation and that consequently we have no special asset under this head to meet those obligations.

The other items of liabilities scarcely call for special explanation. The \$27,000 lost on the deposit in the Exchange Bank formed part of the amount received on account of the price of the sale of the Q. M. O. & O. Railway and appropriated by a special act to constitute a sinking fund for the redemption of a consolidated debt. As this amount must be kept intact, I am obliged to replace these \$27,000 and, consequently, to borrow the money.

I stated a few moments ago that, on the 31st January, 1887, the amount of the floating debt, perfectly clear and incontestable, was \$3,788,434.82. Among the liabilities forming this aggregate, there are some which will be only payable in a certain time, but the bulk of them are payable between this and the close of the present fiscal year. The list of these liabilities outstanding or maturing between this and the end of the current year forms a sum of \$1,893,223.46 and is made up as follows, always, be it remembered, on the 31st January, 1887:

Temporary loans from banks and trust funds.....	\$ 729,227 67
Outstanding warrants at the Treasury office.....	16,196 78
Deficit on current fiscal year, according to statement No. 4...	570,842 06
Sum required to complete the Parliament Buildings, of which \$90,000 are actually due.....	130,113 91
Sum required to complete the Quebec Court House, of which \$70,000 are actually due.....	122,823 16
Balance of claims for construction of Q. M. O. & O. Railway..	11,000 00
Loss on deposit in Exchange Bank to be reimbursed to the price of sale of the Q. M. O. & O. Railway set apart for the redemption of the debt.....	27,000 00
Subsidies to railway companies, payable from the 1st February to 30 June, 1887.....	486,000 00
Making in all.....	\$1,893,203 58

This portion of the floating debt is almost entirely payable between the 31st January and the 30th June, 1887. The remainder represents railway subsidies, of which a considerable proportion will be earned during the coming summer by the works in progress, so that, between this and the fall, we will probably have to pay \$2,500,000 of the sum total of the floating debt.

These railway subsidies are earned very rapidly. Thus, from the 1st July, 1836, to the 31st January, 1887, \$622,464.90 had to be paid out under this head. This fact suffices to give a notion of what will happen as regards the balance of \$486,000.00. We have already in hand claims for over \$100,000 from the Baie des Chaleurs and Lake St. John railway companies.

Now, what had we on the 31st January, 1887, to meet the \$3,788,424.32 of our floating debt? The assets specified in the statement under consideration, less the price of sale of the Q. M. O. & O. Railway and the Federal subsidy for the construction of that road, and less also the \$200,000 of debentures representing the Court House loan, that is to say, the balance of the assets, deducting the \$10,194,000 represented by the three items just enumerated, and appropriated for the redemption of the debt. There remains, therefore, but \$580,280.54 of available assets to extinguish the floating debt of \$3,788,484.32, that is to say, the following amounts :

Special deposit in Jacques Cartier Bank.....	\$100,000 00
Cash on hand on 31st January, 1887.....	11,473 10
Property set apart for the reimbursement of the cost of Jacques Cartier Normal School.....	138,348 02
Sundry loans and advances.....	88,271 40
Interest due by Ontario on school fund.....	100,000 00
Montreal's subscription towards Hull bridge.....	50,000 00
Due by Montreal for expropriations between Hochelaga and Dalhousie square.....	72,188 02
	\$560,280 54

Most assuredly, I would not like to prejudice the interests of the province; but the obligation under which I am to frankly and accurately state the situation makes it imperative on me to note that, among the assets just enumerated, there are several sums whose realization is more than doubtful. Among such may be included the money loaned to different parties, as follows :

Loan for seed grain made to certain municipalities of Charle- voix and Chicoutimi.....	\$25,646 40
Loan to the North shore turnpike trust to repair Dorchester bridge.....	15,000 00
Loan to Trappist Fathers.....	10,000 00
	Total..... \$50,646 40

I very much doubt whether we can ever collect these debts. It is next to impossible for the turpikie trust to repay \$15,000 they owe us, and I am inclined to look upon the advance made to the Trappist Fathers more as an act of benevolence than a financial transaction. As for the \$25,646.40 due by the municipalities of Chicoutimi and Charlevoix, it is a clear enough asset, seeing that it is secured by their bonds; but when we note what has been done within two or three years past with the indebtedness to the municipal loan fund and when we consider the length of time this debt

has been due, twelve or fifteen years, I believe it is not reasonable to base any serious hope on the return of these \$25,646.40 to the treasury.

Mr. Speaker, I desire to be well understood : the Government will do all in its power to collect these different amounts, and I hope it will succeed in securing their reimbursement; but prudence and respect for the truth compel me to class these credits, at least, in the category of doubtful assets, whose realization may be a cause of disappointment.

Such of the hon. members as were in the house last year are cognizant of the difficulties relative to the \$100,000 deposit in the Jacques Cartier Bank. That affair was considered by the Public Accounts Committee, and, after the evidence adduced before that committee, the bank demanded and subsequently obtained from the Ross administration a petition of right authorizing it to sue the Government for this amount. If the Hon. Mr. Taillon had not believed that the bank had a *prima facie* case, he would not have granted this petition of right. If the directors of that institution did not hope to succeed before the courts, it is obvious they would not have exposed themselves to the risk of incurring useless costs, and if they succeed, their success will involve the disappearance of a sum of \$100,000 from the amount of the assets just noted.

The \$138,340.02 represent, I think, a sure asset. When it was decided to erect a new building for the Jacques Cartier Normal School, it was understood that the cost of the edifice would be defrayed out of the proceeds of the property then occupied by the old Normal School, that is to say, the old Government House, on Notre Dame street, nearly opposite the Montreal City Hall. The sale of this property has been put off until the present on the pretext that the circumstances were not favorable to obtain its full value. Moreover, the amount entered in the assets does not represent the real value of the property, or rather is not set down as such, but simply indicates the outlay for the construction of the new building and to be refunded from the proceeds of the sale of the property in question.

The explanations I have just given with respect to several of the items forming the \$560,280.54 worth of assets, which we have to meet our floating debt, show clearly enough that it would be opposed to the most elementary rules of prudence to rely upon realizing more than \$400,000. As regards the floating debt and the assets we possess to pay it off, we therefore find ourselves confronted with the following situation :

Amount of incontestable liabilities forming the floating debt on the 31st January, 1887.....	\$3,788,484 32
Amount of assets realizable to extinguish or liquidate this floating debt.....	400,000 00
<b>Net amount of the floating debt on the 31st January, 1887..</b>	<b>\$3,388,484 32</b>



By adding to this amount the liabilities in perspective resulting from the legislation of last session, that is to say, the \$1,794,275.00 represented by the last 35 cents of land grant conversions into money, we arrive at the total of \$5,182,709.32 deducting the \$400,000 of assets just indicated.

Still this is not all. Over and above these incontestable liabilities there is a host of disputed claims against the Government, a part at least of which we shall, perhaps, be forced to pay. The most of these claims have already been carried before the courts, and, as far as they are concerned, everything depends on the judgments to be rendered. I sincerely trust that these judgments will be in our favor, but if they are against us, it will be so much more to be added to the figure of the floating debt, as I have just stated it. The following is a list of the disputed claims not included in the credits or supplementary estimates for the current fiscal year or in the statement of the liabilities on the 31st January, 1887:

Claims connected with the construction and working of the Q. M. O. & O. Railway and contested in actions still pending in court.

Jacques Cartier Bank.....	\$ 100,000 00
Hon. Thos. McGreevy.....	1,491,483 84
D. Macdonald.....	1,468,713 00
L. A. Roberge.....	105,000 00
W. H. Chisholm.....	15,000 00
L. S. Lemyre.....	12,000 00
Estate late C. Legge.....	26,887 00
P. S. Murphy.....	22,500 00
Isaie Marchand.....	10,000 00
F. Paquin.....	10,000 00
J. O. Paquet.....	8,300 00
W. C. Pentland.....	13,224 00
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	\$ 3,283,057 84

Other claims for the same object of which, in the opinion of Mr. Mccreau, only a very small portion can be established.....\$ 135,327 14

\$3,418,384 98

S. X. Cimon, contested claim on account of the construction of departmental buildings..... 76,000 00

Robert Mitchell & Co., contested claim relative to the heating apparatus of the same building... 1,658 00

A. Charlebois, contested claim, connected with the Parliament House..... 127,000 00

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A. Charlebois, contested claim, arising out of the dynamite explosion.....	10,000 00	
		137,000 00
J. P. Whelan, contested claims, relating to the Quebec Court House.....		189,000 00
Sundry contested claims, amounting in the aggregate to.....		24,835 18
Dominion of Canada, a balance of account in dispute, 1st July, 1885.....		687,619 17
		<u>\$4,534,497 96</u>

Mr. Speaker, I am particular in giving all these details in order to make the situation perfectly clear to the House; but it will be easily understood that, in the interest of the Province, it is better I should express no opinion on any of these disputed claims. All I can say is that these claims have been put in, that the majority of them have been carried before the courts, and that if we are condemned to pay only 30 per cent. of them, it will add \$1,366,349.38 to the amount of our uncontested liabilities forming the floating debt on the 31st January, 1887.

Against these doubtful debts, we have as an asset the balance due the municipal loan fund, namely, \$1,419,606.50, but we shall certainly never realize this amount from what remains to be collected. From 1880 to the 5th May, 1886, our predecessors called in all the best of the credits of this fund, those due by the Corporations of Montreal, Quebec, Sherbrooke, St. Hyacinthe, St. John, Terrebonne, in fine by all the wealthy municipalities in a position to pay. On \$777,731.23 of these good credits, they only realized \$687,027.35. Now supposing that we lose in the same proportion on the balance of \$1,419,606.50 remaining to be collected on the 5th May last, we shall lose \$496,916.00:—in other terms, instead of deriving from this source \$1,419,606.50, we shall only take in \$922,690.50. But it is unquestionable that we shall lose much more than \$496,916.00 and I do not hesitate to say that this doubtful asset of \$1,419,606.50 will certainly not yield more than we may be called to pay of the \$4,534,497.96 of doubtful liabilities enumerated in the list I gave a few moments since. My impression, in fact, is that we shall take in less than we will have to pay out.

It may therefore be asserted without fear that on the 31st January, 1887, when we took charge of the administration, the net debt of the province admitted and uncontested was at least \$11,389,167.11 or that there was an excess of liabilities over assets to that extent, as established by the statement No. 4.

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The last statement of this nature submitted for our consideration was by the hon. member for Sherbrooke during last session. It occurs on page 1021 of the *Debates of the Legislature* for 1886. According to this statement, the liabilities of the province on the 30th June, 1885, were \$20,590,075.72. The statement I now produce to the 31st January, 1887, places these liabilities at \$22,143,447.65, which makes for the nineteen months comprised between those two dates an increase of \$1,553,371.93. These figures apply to the gross liabilities, no deduction made of the assets. Our predecessors are invited to account for this increase of the debt.

In the statement submitted last session, the hon. member for Sherbrooke estimated the total assets on the 30th June, 1885, at \$11,774,645.21. According to the statement I lay before the House, the assets on the 31st January, 1887, only formed a sum of \$10,754,280.54 or a diminution of \$1,020,364.67 for that same period of nineteen months.

Our predecessors are invited to render an account of this diminution of the assets.

An analysis of these figures gives the following result :

*Situation on the 30th June, 1885.*

Liabilities.....	\$20,590,075 72
Assets.....	11,774,645 21
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Excess of liabilities over assets on the 30th June, 1885.....	\$ 8,815,430 51

*Situation on 31st January, 1887.*

Liabilities.....	\$22,143,447 65
Assets.....	10,754,280 54
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Excess of liabilities over assets on 31st January, 1887.....	\$11,389,167 11

Increase of the net debt during these nineteen months..... \$ 2,573,736 60

That is to say, that during the nineteen months comprised between the 30th June, 1885, and the 31st January, 1887, the Ross Administration increased the net debt of the province by \$2,573,736 60. This showing is borne out by the figures furnished by my honorable predecessor himself, for 1885, and by the officers of the treasury, down to the 31st January, 1887.

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Mr. Speaker, I cannot help contrasting this result with the famous declaration contained in the speech from the throne, delivered on the 8th April, 1886. In that speech the following passage occurs:

"I am happy to inform you that *my Government has succeeded in re-establishing the equilibrium in the finances of the Province*, which must be regarded as an event of exceptional importance."

Where is the equilibrium in the finances? Does it lie in the fact that during the nineteen months, from the 30th June, 1885, to the 31st January, 1887, the Ross Government really increased the net debt by \$2,573,736.60? Is it to be found in the fact that, during the fiscal year 1885-86, the payments exceeded the receipts by \$564,118.48? Does it consist in the fact that the ordinary transactions of the current fiscal year are going to culminate in a deficit of \$370,842.06, as established by the official statement No. 4. It is discoverable in the fact that, for the present year, the total payments will exceed the receipts by \$1,732,966.15? Where then is the re-establishment of the equilibrium in the finances? I have sought it in vain through the books of the treasury, which only show me deficits increasing from year to year, and I only find it on paper—in the speech from the throne.

This result contrasts very strikingly also with the programme formulated by the ex-Premier a few months after his coming into power. The Ross Government were sworn in on the 23rd January, 1884. At a great banquet given in his honor, at Three Rivers, on the 24th November of the same year, Dr. Ross said:

"The second (article of our programme) is to restore the equilibrium in the finances of the Province. The task is a difficult one.

"Preceding administrations have incurred very heavy expenses to give the Province the system of railways, of which it stood so much in need. These gigantic works have thrown our finances into a critical condition. The result has been large deficits for some years. A remedy must be applied to this state of things.

"This is why we have firmly resolved to take all the necessary and even the most vigorous means to put an end to these deficits.

"The first of these means is the practice of a strict economy. We must prune, retrench, and control the expenditure with unswerving severity. It is not an agreeable thing to do; it is even a difficult one, but we have begun the task and we shall finish it.

This success (the increase of the Federal subsidy) has in great measure contributed to one of the principal results we are striving to attain, the equilibrium in our budget."

What splendid promises? But also, what a bitter disappointment was in store for us as the result of the two years and a half administration of the man, who made these solemn promises! Did he deceive himself or did he seek to deceive the country? Recollect that instead of the equilibrium so positively affirmed, that Administration gave us nothing but deficits and an increase of the debt to the extent of at least \$2,573,736.60 during the nineteen months of its existence!

Where then are the retrenchments, the economy, so solemnly promised by the ex-Premier.

Upon us devolves the task of paying these debts. We are well determined to do so; but, for the purpose, we must be allowed to take the requisite means to procure the necessary funds.

The situation is very easily grasped. Besides the balance of the consolidated debt to be redeemed, we have a floating debt, clear, well defined and indisputable, of \$3,788,434.32 in addition to the sum of \$1,794,275.00 represented by the last 35 cents payable to the railway companies when the lands appropriated to the grants of 1882 are sold and in addition also to the \$4,534,497.96 of claims contested and most of them pending before the courts.

What have we with which to honour these \$3,788,434.32 of uncontested claims? At the most \$400,000 of realizable assets, in preassuming on the part of our debtors more good will than they have heretofore manifested. We have therefore a shortage of at least \$3,388,434.32 of debts actually exigible or which will become so within a short delay. Where is the money to come from to pay these debts?

From the ordinary revenues? But these revenues do not suffice to meet the current expenses of the ordinary service, since for several years each fiscal year has culminated in a deficit more or less heavy. The current year will show one of \$370,842.06.

We have therefore no other resource left to wipe off the liabilities constituting the floating debt but to burrow. We must either resort to temporary loans or contract a consolidated loan.

I regard the system of temporary loans, when it is made a permanent practice, as a most disadvantageous system for the Government and the country, and especially for the commercial class. It is notorious that on such loans the Government always pays a higher rate of interest than on

consolidated loans. Thus, we can hardly borrow from the banks at less than 5 per cent. for temporary loans. That is the rate that was paid by the member for Sherbrooke and that I have been also compelled to accept. For a consolidated loan, I believe we could find the money at 4 per cent. On \$4,000,000, this would make at once a difference of \$40,000 a year in favor of a consolidated loan, that is to say, enough for a sinking fund to redeem such a loan at maturity.

I am therefore in favor of a consolidated loan, firstly because the rate of interest will be lower and, secondly, because the class of loan, instead of reducing the capital in the country available for trade, will result in introducing fresh capital into the Province if it be negotiated in the foreign markets.

Mr. Speaker, I want the position well understood and well defined. If we desire to borrow, it is simply to pay off the debts and liabilities contracted by our predecessors; it is exclusively to do honor to engagements entered into before we came to power and against a part of which we vigorously protested when we were in Opposition. I wish it to be well understood that in making this loan we do not add one cent to the debt of the Province; but that we desire simply to convert the floating into consolidated debt, in order to regulate the position and to pay a lower rate of interest. If we had only to consult our own interests, we would much prefer not to borrow, thereby freeing ourselves from the necessity of finding, over and above the ordinary expenses, the \$100,000 additional required annually for the interest and sinking fund service on the new loan. But the honor and credit of the Province are at stake and we wish to take the necessary measures for their protection. The Province owes; it has no money to pay its debts; we want to pay them and we propose the means necessary for the purpose.

This is the situation as we found it when we took over the administration of the affairs of this country.

I submit it with all the sincerity and all the frankness possible. I declare on my word as a Minister of the Crown and a member of this House that the statement on which I base this exposé are in strict conformity with the books of the treasury and the information furnished by the officers of the different departments. I affirm, on the faith of this official information, that the figure of the unquestionable floating debt is \$3,788,484.82, and that the realizable assets we have to pay it off with do not exceed \$400,000.

Now, whether we administer public affairs or the task be entrusted to others, the Province must always pay off this debt, and, for the purpose, it must of necessity have recourse to a loan. On this head, I defy all serious contradiction, and my conviction is so profound, that I do not fear to risk

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on the subject the reputation I may have acquired as a business man. Of this floating debt, we have to pay nearly two millions between this and the 30th June, nearly a million during the fiscal year 1887-88, the balance during the following fiscal year, and we have nothing tangible to fall back upon to meet it. This is the reason why I most conscientiously declare that it is absolutely essential to borrow.

If we are to judge from the tone of their newspaper press and the recent declarations of the leader of the Opposition, it would seem that our hon. friends on the left are not of this opinion. That's their business. If they want to introduce into this country the doctrine of repudiation of State debts, which they themselves contracted; if they are inclined to take the grave responsibility of the consequences that may result from the placing of the Government in the impossibility of honoring the engagements of the Province; if they are resolved to strike this fatal blow at the honor and credit of the country, so much the worse for them; but the Government will not the less do its duty, and its responsibility will be discharged when it shall have indicated what should be done. In fine, it will be for the House to decide if we should, yes or no, take the only means left to meet the engagements contracted by our predecessors in the administration, and I have confidence enough in its honesty to believe that it will say with all honest folk: Let us pay our debts.

## VI.

**Estimate of the Receipts and Expenses for the Fiscal Year 1887-88.**

I estimate the receipts at \$3,216,022.80.

This estimate is based on the receipts of the last fiscal year. There is a slight increase in two or three items and a falling off in others, according to how we can forecast the rise or fall in the revenues arising from those sources. The following are the receipts on which I count:

*Dominion Subsidy:*

Subsidy payable in virtue of the Confederation

Act.....	\$ 959,252 80
Interest on trust funds.....	55,459 32
Special subsidy in virtue of the statute 47 Vic.	
chap. 4.....	127,460 68
Interest on the railway subsidy in virtue of 47	
Vic., chap. 8.....	119,700 00
	<hr/>
	\$1,261,872 80

*Interest :*

Interest on the price of sale of the Q. M. O. & O. Railway.....	375,000 00	
Interest on trust funds and deposits.....	30,000 00	
Interest on collections made by Ontario from Common School lands since 1867.....	60,000 00	
		\$ 465,000 00

*Administration of Justice :*

Law Stamps.....	\$ 170,000 00	
Fees.....	5,000 00	
Building and Jury fund.....	14,000 00	
Contribution for support of vagrants in gaol....	10,000 00	
Gaol guards.....	4,000 00	
Fines.....	1,000 00	
House of Correction, Montreal.....	5,000 00	
Montreal Court House.....	5,000 00	
High Constable's fees, Quebec.....	750 00	
		\$ 214,750 00
Registration stamps.....	16,000 00	
Licenses.....	280,000 00	
Crown Lands.....	657,700 00	
Percentage on fees of certain public officers.....	6,500 00	
do on renewal of hypothecs.....	500 00	
Legislation.....	4,000 00	
Official Gazette.....	21,200 00	

*Lunatic Asylums :*

Contributions of municipalities for the fiscal year 1887-88.....	\$ 40,000 00	
Arrears due on these contributions for pre- vious years.....	35,000 00	
		75,000 00
Public buildings, rents, &c.....	1,000 00	
Contributions to pension fund.....	5,000 00	
Casual revenue.....	2,000 00	
		\$3,020,522 80
<b>Total ordinary receipts.....</b>		



*Receipts on capital account :*

Quebec Fire loan.....	\$	500	00
Municipal loan fund.....		50,000	00
Repayment on loan to Beauport Asylum.....		4,000	00
Repayment on loan to St. Jean de Dieu Asylum.....		6,000	00
Leduc farm, approximate amount of the price of sale.....		10,000	00
Repayment by the City of Montreal on ac- count of construction of Q. M. O. & O. Railway and other claims.....		125,000	00
			<u>\$195,500 00</u>

Total receipts from all sources..... \$3,216,022 80

I can state that this estimate has been prepared with the greatest care and that we hope to take in the whole amount of it.

The sums, forming the total to be received from the Federal Government, call for no explanation.

I estimate at \$60,000 the sum we shall receive from the Ontario Government for interest on the collections on account of the common school lands. Since we assumed office, I have placed myself in communication with Mr. Mowat's Cabinet on the head of these collections, and I have the honor to inform the House that we have received a favorable answer which warrants the hope that this question will soon be finally and satisfactorily settled.

The receipts from the administration of justice will come up to the figure at which I estimate them, if all the officers of that service do their duty.

I estimate at \$280,000 the revenue from licenses. It is slightly less than the amount collected during the last fiscal year. The information furnished me by the treasury officers gives me reason to believe that we shall take in the sum mentioned in the estimate.

I have not yet been able to devote the time requisite to a serious study of the license law or to obtaining a personal knowledge of its working, in order to ascertain whether it needs to be modified. I propose to enter upon this study during the vacation. If I find that it requires to be changed, we shall submit the proposed changes to the House next session.

Up to now, the operation of the Scott Act does not seem to have affected the license revenue. That law does not appear to be well appreciated in this Province, and its enforcement has made but little progress--in fact, public opinion seems to be unfavorable to it.

\$ 465,000 00

\$ 214,750 00

16,000 00

280,000 00

657,700 00

6,500 00

500 00

4,000 00

21,200 00

75,000 00

1,000 00

5,000 00

2,000 00

\$3,020,522 80

For the current fiscal year, my hon. predecessor estimated at \$700,000 the receipts from Crown lands. The information supplied by the officers of the Crown lands department establish that we shall not receive that amount and that the revenue from this source will not exceed \$657,700. I accept this figure as the estimate of the receipts for next year. This estimate has been carefully prepared and I have no doubt that we shall take in, under his head, at least \$657,700.00.

I think that we shall get from the municipalities the \$75,000 entered in my estimate for the support of lunatics in the asylums; if we make the necessary efforts to collect what is owing to us. At the same time I think it well to note for the information of the House, that, as a general rule, the municipalities seem little disposed to pay up what they owe to the Government. Nearly all over, they wish to saddle the Province with their responsibilities. This tendency must be resisted and I trust that members of municipal corporations will understand that, in the present condition of the provincial finances, it is imperative that we should collect all that is owing to us and that we are compelled to take every possible means to attain this end.

We count upon realizing 50,000 from the indebtedness to the municipal loan fund, but I must acknowledge that this receipt is one which falls somewhat into the category of probabilities. For the current fiscal year, my hon. predecessor calculated under this head on a receipt of \$100,000. During the seven months from the 30th June, 1886, to the 31st January, 1887, he only collected \$5,880.00. As may be seen, there is a very considerable shortage. The fact is that most of the wealthier municipalities have settled their indebtedness to this fund and that, among those which have not yet come to terms with the Government, there are some which cannot pay without embarrassing themselves, thus rendering the collections more and more difficult. Further, the precedents established by our predecessors in making for the slightest reasons enormous reductions on these credits have become a cause of embarrassment, I might say, one of almost of hindrance to the collection of what is legitimately due to us.

There is a sum of \$10,000 entered as the price of the Leduc farm. This farm had been promised as a site or as aid for the establishment of a Protestant Lunatic Asylum; but, as it has been considered unsuitable for the purpose, we have decided to give in lieu of it a sum of \$10,000 in money, on the understanding that the Government shall recoup itself by selling the property, which will undoubtedly bring the amount entered in my estimate.

It will be remembered that in the course of the arrangements respecting Montreal's subscription to the Northern Colonization Railway, it was stipulated that that city should pay \$50,000 towards the cost of the construction of the Hull bridge, and also the difference between \$132,000, the

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sum assumed by the Government and the cost of the expropriations between Hochelaga and Dalhousie Square, to extend the Q. M. O. & O. Railway to the Barracks. This difference, as mentioned in statement No. 4, amounts to \$72,188.02 and forms with the other \$50,000 a total of \$122,188.02 over and above certain other accounts which increase the grand total to more than the amount entered in the estimate.

Such are the receipts upon which we calculate to meet the expenses of the fiscal year under review.

*Payments of the Fiscal Year 1887-88.*

The budget of the expenses of this year aggregates \$4,220,736.00, and is made up as follows :

*Ordinary expenses :*

Service of the public debt.....	\$1,075,363 67	
Ordinary expenses of the administrative service.....	1,926,465 93	
		\$3,000,829 60

*Expenses imputable to capital.*

Railways.....	\$805,406 40	
Public buildings.....	389,500 00	
Loan and grant to Protestant lunatic asylum..	25,000 00	
		1,219,906 40

Grand total..... \$4,220,736 00

Before entering into details, I desire to specially call the attention of hon. members to the arrangement of the printed budget, which shows at a glance whether the items of expense are increased or diminished. By consulting the heading of each page, the augmentations or diminutions can be at once seen, as compared with the estimate and the reality of the current fiscal year. I deemed it right to introduce this improvement in the budget to better enable hon. members to judge the payments we propose, or, at all events, to exempt them from the trouble of referring to documents of the previous year, in order to ascertain where there is increase or decrease.

Let us now go into details :

For the service of the public debt, we ask \$1,074,363.67, as follows :

Interest on the consolidated debt.....	\$ 886,018 57	
do on other loans.....	125,000 00	
		\$1,011,018 57
Sinking fund and redemption of liabilities.....	56,845 01	
Expenses of management.....	6,500 00	
		\$1,074,363 67

There is an increase of \$54,514.35 in the interest service. This is easily explained. Short of repudiating the liabilities of the Province, it is absolutely necessary to resort to temporary loans or to contract a consolidated loan to pay off the debts actually due or which will fall due during the next fiscal year. We do not at present pay interest on all these debts; but the moment we borrow money to wipe them out, we must necessarily pay interest upon it. This is why I ask a credit sufficient to cover all we may be required to pay for this service.

For the current fiscal year, my hon. friend from Sherbrooke had only asked \$25,000 for the interest service on temporary loans and trust funds; but when we assumed office on 31st January, this sum had already been exceeded by \$8,400.34 and to close the current fiscal year, \$48,000 more were required, so that the shortage in the credit asked by my hon. friend will amount to \$51,400.34 for that year. This shortage must be covered by a new credit in the supplementary budget. In order to remedy this and to regulate this service, I at once ask for a sufficient sum to meet all we shall be called on to pay, the interest included on the sum we shall have to borrow to pay the railway subsidies, the cost of construction of the Quebec Court House and Parliament Buildings, and the other expenses imputable to capitale.

The House will readily understand that it is the loans we have to make to pay these expenses and to cover the deficit of the current fiscal year that will necessitate this increase of the interest service. All this results from the policy of our predecessors. We only borrow to honor the engagements of their contracting which cannot be met out of the ordinary revenues.

There is a decrease of \$601.97 in the expenses of management and of \$28,369.02 in the sinking fund service, making a total diminution of \$28,970.99 in these two services as compared with the current year. On the whole service of the debt, the increase amounts to \$25,543.36.

For the current year my hon. predecessor had estimated at \$219,960.00 the expenses of legislation, inclusive of \$38,500 for cost of elections. These expenses, for the whole year, are going to reach \$248,611.74 or \$30,651.74 more than his estimate. In this shortage there are \$13,000 for election expenses, which were paid by special warrant issued on the demand of my hon. friend from Sherbrooke. There is also a shortage of \$16,951.74 in the item of salaries, contingent expenses, &c., of the Legislative Assembly and of \$700 in the appropriation for the Library, making in all \$17,651.74.

For next year I ask for the same service a vote of \$181,785.00, making on the whole a decrease of \$66,826.74. The items in which this decrease occurs are the following :—

Salaries and contingencies of the Legislative Assembly, including \$4,000 for the codification.....	\$ 17,126 74
Library of the Legislature, salaries, contingencies, binding, &c.....	2,450 00
Parliamentary Procedure.....	750 00
Election expenses.....	46,500 00
	\$66,826 74

For *civil government* the estimate of the expenses of the current year was \$185,420.00 ; but this credit is insufficient. It must be increased by \$7,480.19, making this expense \$192,850.19 for the current year. It is also the sum we ask for next year.

Although asking the same amount, we will in reality effect a saving of \$9,600.00.

The sum asked includes one of \$4,400.00 transferred from the expenses for other services to that of civil government, as indicated by the *Detailed Statement of Certain Expenses*, in the hands of hon. members. It includes also \$3,000.00 for the salaries of new employees named by our predecessors before going out of office, as well as increases of salary amounting to \$855.00 equally made by our predecessors, without counting \$1,350.00 of increases of salary resulting from the operation of the civil service law. This makes in all \$9,600.00. It is manifest that if our hon. friends of the Opposition had remained in power they would have added this sum to the expenses of civil government, which would have been thus proportionately increased. For our part we place these additional expenses, for which we are in no way responsible, to the account of that service for next year, and we only ask the amount of this expense for the current year, so that in reality we are proposing a saving of \$9,600.00.

Moreover we effectually reduce the contingent expenses by \$6,870.00 ; they will amount this year to \$47,770, while we ask only \$40,900.19 for next year.

The administration of justice is going to cost \$374,212.48 this year ; for next year we ask for \$365,580.98, or a decrease of \$8,637.50. We hope to effect this saving and even more by a reorganization of the service of certain courts and gaols, the necessity of which has been demonstrated by experience and demanded by public opinion.

We are making a reduction of \$750.00 in the police service, and we ask the same credits as those of the current year for reformatories and inspection of public offices.

These various items of the budget form, with the administration of justice, properly so called, an aggregate of \$480,510.48 for the current fiscal year. We only ask \$471,122.98 for next year, making on the whole a diminution of \$9,387 50.

The vote asked for public instruction, as compared with the expense of the current year, shows a diminution of \$9,560 00.

I desire hon. members to note well that this diminution in no way affects the grant for superior education, common schools, inspection of schools and the other regular credits of this service, which remain at the same figures.

Among the expenses of the current year, there is a sum of \$6,000 for arrears on the instalments to the teachers' pension fund, \$6,410 for arrears on the purchase of prize books, and \$150.00 for the convent of St. Roch de l'Achigan, making in all a decrease of \$12,560 on the expenses of the current year. We shall have next year to pay \$2,000 to the Rimouski College and \$1,000 to the annual service of the teachers' fund, which two sums were not paid this year, making \$3,000 of new expenses. By deducting these \$3,000 from the \$12,560 mentioned higher up, it will be found that there is a net reduction of \$9,560, which affects in no way the ordinary grants.

The payments under the head of *Literary and Scientific Institutions* will reach \$27,791.89 for the current year, and we ask but \$10,350 for next year or a decrease of \$17,441.87. We strike off \$3,741.87 from the expenses of the Health Boards, and \$200 from the grant to encourage the study of the natural sciences, which makes \$3,941.87. The remainder of the decrease is represented by the payment for the London Colonial Exhibition, \$6,000, which will not recur, and by the \$7,500 paid to discharge the arrears on the copying and publication of the Canadian archives, which will not affect the ordinary grant of \$5,000 for that service.

Without affecting the regular grant, the expense for *Arts and Manufactures* is also reduced, namely, \$2,000 for the construction of the Quebec School and \$500 for the establishment of workshops for the application of science to the mechanical arts. The Quebec School is completed, and it is impossible to establish the workshops in question, which renders the two credits needless.

We ask \$76,150 for agriculture in lieu of the \$102,521 which have to be laid out for this service during the present year. This makes a decrease of \$26,371. This decrease arises from the retrenchments we are making in certain credits, and from the fact that some of the services which occur

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this year, will not occur next year. The retrenchments affect the following services :—

Journals of Agriculture .....	\$ 1,506 00
Aid to establish a Stud .....	6,000 00
Aid to the <i>Gazette des Campagnes</i> .....	750 00
Butter and cheese factories, salaries of professors .....	500 00
Sundry expenses, subscriptions to treatises, &c. ....	400 00
Lectures on agriculture .....	600 00
Montreal botanical garden .....	1,000 00
Aid to the Berthier beet-sugar factory .....	3,000 00
Aid to agriculture .....	300 00
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	\$14,056 00

The following items have been struck out, as they will not occur again next year :

Veterinary schools, to settle arrears due to the <i>Journal</i> .....	\$ 750 00
Insurance on the Farnham beet-sugar factory .....	900 00
Permanent exhibition committee, last payment .....	3,465 00
Bridge over the Richelieu .....	2,000 00
Sherbrooke agricultural exhibition .....	5,000 00
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	\$12,115 00

As will be noticed, the grants to the societies, council, and schools of agriculture remain the same; we have only retrenched upon the services that have become useless or that are of altogether secondary importance.

We reduce to \$4,000 the credit for immigration and repatriation, making a decrease of \$4,000 in this service, in which there have been abuses and needless expenses. In imitation of the example of the Ontario Legislature, we propose to cut down this expense to what is strictly indispensable.

The vote for colonization is placed at \$75,000, that is to say, \$70,000, for roads and \$5,000, for colonization societies. We are bringing the expenses under these heads to their normal and ordinary figure. For the current and past fiscal year, my hon. friend from Sherbrooke got the House to vote him much larger sums for colonization roads; but he declared to us that for each of those years he took \$100,000 from capital, or that it would be necessary to raise that sum by means of loans. It is easy to

understand that such a system was simply ruinous. If we were to pursue it only for ten years, we would add a million to our debt. Favorably disposed as the Government may be towards all that concerns colonization, it is not prepared to assume the responsibility of a system of this kind. I am even satisfied that my hon. predecessor had not the slightest inclination to continue this extraordinary outlay of \$100,000 a year on capital account. This excessive generosity in favor of colonization roads corresponds too strikingly with the general elections, and the public cannot fail to see, in this sudden fit of zeal, as well as in the enormous figure of the sums spent, so many electoral weapons, so many measures, to influence a large body of the electorate, and I consider that they would not be far wrong in doing so. I also have not the slightest doubt that, if my hon. friends on the left had remained in power, they would have at once reverted to the usual credit of \$70,000 for colonization roads. At the same time, should there be any absolutely pressing wants, we shall willingly increase by \$10,000 the appropriation asked for this service. On this head, we shall await information from the department of agriculture and colonization, which we propose to establish and which will make a more thorough study of the real wants of colonization.

For public works and buildings, I ask a vote of \$473,406.76. Of this sum, \$389,500 are expenses imputable to capital, leaving \$83,906.76 for ordinary expenses. The outlay on capital account is made up as follows:—

Construction, Quebec Court House.....	\$ 100,000 00
“ new Parliament House.....	75,000 00
“ of a building for the Circuit Court in the County of Kamouraska.....	6,000 00
“ of the foundations of the Artabaska Court House and gaol.....	6,000 00
“ of the enlargement of the Montreal Court House.....	200,000 00
“ of the enlargement of McGill school....	2,500 00
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	\$ 389,500 00

In the ordinary expenses, we make the following reductions as compared with the same expenses for the current year :

Rents, insurance, repairs, &c. of public buildings in general .....	\$ 6,229 00
Inspections.....	1,000 00
Repairs to Court Houses and gaols.....	2,700 00
Insurance do do .....	500 00
	<hr/>
	\$ 10,429 00



There are no changes in the charities. Many new applications for grants have been made and a number of them would have been entitled to favorable consideration; but, as the state of our finances does not permit us to increase our expenses under this head, we have regretfully been obliged to maintain the *statu quo*.

The expenses of the Crown Lands Department will amount in the aggregate to \$154,411.00 for the current year; for next year, we ask \$128,750.00 or a decrease of \$25,661.00. This decrease falls on the following items:

Cadastration service.....	\$ 4,000 00
Surveys.....	8,600 00
General expenses.....	5,561 00
Exploration of mines.....	2,500 00
Protection of forests against fire.....	5,000 00
<b>Total.....</b>	<b>\$25,661 00</b>

We can carry on these retrenchments without impairing the efficiency of these services or detracting from the receipts from the Crown lands. The need of new surveys, for instance, seems to me more than problematical. On the 30th June, 1886, we had available 6,968,009 acres of Crown lands surveyed and subdivided into farm lots. At an average of 100 acres per family, this would supply enough of land to establish 69,780 families or a population of at least 348,400 souls. No matter how rapid we may suppose the progress of colonization likely to be, it will be admitted that at least ten years will be required to establish all these and to take up the 6,968,009 acres of surveyed land actually available. Then, why incur so much expense for new surveys? I fail to see their utility. Moreover, we appropriate \$30,000 for this service which is more than sufficient for real and immediate requirements.

The other items of the chapter *Sundry Services* show the following diminutions as compared with the expenses of the current year:—

To put the Quebec Factory Act into operation.....	\$ 500 00
Deschamps, <i>List of Parishes</i> .....	2,000 00
Stamps, licenses, &c.....	2,000 00
	<u>\$ 4,500 00</u>

To which must be added the following which will not occur again next year:—

Aid to distressed fishermen of the North Shore of the St. Lawrence.....	\$ 9,500 00
Royal Commission, re Q. M. O. & O. Railway.....	\$10,881 25
	<u>\$24,881 25</u>

There are increases or rather new credits to the amount of \$5,000, of which \$2,000.00 are for the Beauharnois macadamized roads company, and \$3,000 for the Maritime road of the Saguenay, which cuts down to \$21,881.26 the real decrease in the ordinary expenses. The other item, the loan of \$25,000, for the establishment of a Protestant Lunatic Asylum at Montreal, falls into the class of expenses on capital account. This sum results directly from the resolution adopted by the House on the 13th May, 1885, with this difference that, instead of a loan of the whole, there is a gift of \$10,000 representing the value of the Leduc farm judged unsuitable for the contemplated institution.

The expenses imputable to capital form a total of \$1,219,906.40. They comprise the following details for the two fiscal years:

*Railways :*

	1886-87.	1887-88.
Subsidies to companies.....	\$1,108,464 90	\$787,406 40
Q. M. O. & O. Railway & inspection....	34,000 00	18,000 00
	<hr/>	<hr/>
	\$1,142,464 90	\$805,406 40

*Public Buildings*

Quebec Court House.....	\$193,700 00	100,000 00
Parliament Buildings.....	184,450 00	75,000 00
Kamouraska Court House.....		6,000 00
Arthabaska " .....		6,000 00
Montreal " .....	18,000 00	200,000 00
Protestant Lunatic Asylum.....		25,000 00
McGill School, Montreal.....		2,500 00
	<hr/>	<hr/>
	\$396,120 00	\$414,500 00

As will be seen, there is a decrease of \$337,058.50 in the payments for railways and an increase of \$17,380.00 in the expenses for public buildings.

According to the information supplied by the architect of the Department of Public Works and by Mr. Lesage, the Assistant Commissioner, the \$175,000 we ask for the Quebec Court House and Parliament Buildings will suffice to fully complete those two structures. When finished, the Quebec Court House will cost \$528,210.71 or \$328,220.71 more than the \$200,000 special debentures issued to pay the cost of that building. In one of his budget speeches, Hon. Mr. Wurtele estimated at \$300,000 the

Parliament Buildings and included this amount in the floating debt to be paid off out of the loan of 1882. That building is going to cost \$575,584.14 or \$279,584.14 more than Mr. Wurtele's estimate. It will be easily understood that these excesses of expenditure can only be paid with borrowed money.

My hon. friend from Sherbrooke entered in one of his budgets a sum of \$50,000 to enlarge the Montreal Court House, in order to give the additional accomodation demanded by the Bar. That sum was altogether insufficient to pay for the works, and so as not to be compelled to come annually before the House for new credits, we ask at once for the full amounts required. Why not state forthwith what is really needed, and enable the House to judge on the subject with a full knowledge of the state of the case? Moreover we shall see to it that the contracts are prudently awarded; we shall endeavor to close the doors upon *extras*, and if we succeed, as I hope we shall, in getting the works done for a smaller sum, it will disturb nothing; the surplus will remain in the treasury and may be employed for other works of the same nature.

As for the railway subsidies, it is very difficult to give a precise estimate of the amount required, For the current year my hon. predecessor placed a sum of \$250,000 in his budget for this service. On the 31st January he had already paid out \$622,464.90, and there remained to be paid up to the 30th June an additional sum of \$486,000; making a total for the whole year of \$1,108,464.90 or \$858,464.90 more than his estimate. To not run the risk of a similar miscalculation, I enter in my estimate a sum of \$787,406 40, which I deem quite ample to meet all demands that may come in under this head.

However, all depends on the rapidity with which the companies will push their works; but, as these sums can only be taken out of a loan, we will always have at our disposal the money required to meet the demands, even if the latter should exceed the amount entered in my estimate. If the Houses do not consent to authorize the loan, these subsidies cannot and will not be paid and the interested parties will suffer. Lastly, whether these sums be paid next year or another year, they do not the less constitute unquestionable debts, the payment of which we may delay, but from which we cannot escape except by legislative repudiation.

Now, let us sum up the expenses of the current fiscal year and those of the next year in order to compare them and learn the result:—

*Ordinary Expenses:*

	1886-87	1887-88
Public debt.....	\$1,048,820 31	\$1,074,868 67
Legislation.....	248,611 74	181,785 00
Civil Government.....	192,860 18	192,850 19
Administration of justice, police reformatories, inspection of public offices.....	480,510 48	471,122 98
Public instruction.....	400,586 87	371,085 00
Agriculture, colonization, immi- gration and repatriation.....	265,521 00	155,150 00
Public works and buildings, impu- table to expenses from reve- nue.....	88,785 79	58,906 76
Lunatic Asylums.....	248,000 00	230,000 00
Sundry benevolent institutions....	39,316 00	39,316 00
Sundry services, including Crown Lands expenses.....	246,792 25	226,250 00
	<hr/>	<hr/>
	\$3,254,744 60	\$3,000,829 60

*Expenses imputable to capital.*

Railways.....	\$1,142,464 90	\$805,406 40
Public buildings.....	396,120 00	414,500 00
	<hr/>	<hr/>
	\$1,538,584 90	\$1,219,906 40
Add the ordinary expenses.....	\$3,254,744 60	\$3,000,829 60
	<hr/>	<hr/>
Total expenses of all kinds.....	\$4,793,329 50	\$4,220,737 00

A comparison of the ordinary expenses of the current with those of the next fiscal year gives the following result:—

Ordinary expenses of 1886-87.....	\$3,254,744 60
“ “ 1887-88.....	3,000,829 60
	<hr/>
Decrease for 1887-88.....	\$253,915 00

The service of the public debt is an uncontrollable expense, at least as regards the interest and sinking fund. By deducting the payment for this service from the total of the ordinary expenses, we get as the result the amount of the ordinary expenses subject to the control of the administration, that is to say, those on which the Government can economize or re-

trench. If you make this abstraction, the comparison is still more in favor of next year, as indicated by the following table :

<i>Ordinary expenses.</i>	<i>Ordinary uncontrollable expenses.</i>
1886-87.....\$3,254,744 60	
Less..... 1,048,820 31	(for public debt) \$2,205,924 29
1887-88..... 3,000,829 60	
Less..... 1,074,363 67	(for public debt) 1,926,465 93
	<u>Decrease in controllable expenses.....\$ 279,438 36</u>

There is already a large reduction, and I sincerely hope that we shall find means to still further increase its figure.

The expenses on capital account are shown by the following table for the two fiscal years :

For 1886-87.....	\$1,538,584 90
“ 1887-88.....	1,219,906 40
	<u>Reduction.....\$ 318,678 50</u>

Lastly, the total expenses, both ordinary and imputable to capital, for the two years, shows the following result :

Total expenses 1886-87.....	\$4,793,329 50
do 1887-88.....	4,220,736 00
	<u>Decrease for 1887-88.....\$ 572,593 50</u>

It only remains now to be seen, in order to complete the examination of the next fiscal year, whether the ordinary receipts will be sufficient to meet the ordinary expenses.

In speaking of the revenue on which we count for next year, I have shown the House that the ordinary receipts will amount to \$3,020,522.80. A comparison of this figure with that of the ordinary expenses gives the following result :

Ordinary receipts for 1887-88.....	\$3,020,522 80
“ expenses “ “ .....	3,000,829 60
	<u>Surplus of ordinary receipts over ordinary expenses.....\$ 19,693 20</u>

If I followed my hon. predecessor's example and entered in the ordinary receipts the \$500.00 coming from the Quebec fire loan, the \$50,000 from the municipal loan fund, and the \$10,000 from the repayments on the loans to Beauport and Longue Pointe Asylums, the whole forming a total of \$60,500.00, these ordinary receipts would be increased to that extent and, instead of \$19,693.20, they would show an excess of \$80,193.20 over ordinary expenses, that is to say, that we would have a surplus to that amount.

I do not wish to pursue this course, which I regard as erroneous; but I think I have clearly shown that for the fiscal year in question, we shall at least have an equilibrium between the ordinary receipts and expenses, and that our ordinary revenues will amply suffice to pay our ordinary expenses. Of course, the figures I have given are estimates, and, to speak frankly and loyally, it may happen that I may be deceived in my forecasts; but I can assert that those estimates have been carefully made, that they are based on the average of previous years, and that unless there should occur in some of the sources of revenue an extraordinary falling off which it is impossible at present to foresee, I am sincerely convinced that we shall collect the amount of ordinary revenue I have indicated. Until now I have only spoken of the ordinary receipts based on the usual estimates; but I should not omit to add that, by an order in council dated the 7th April instant, we have secured for the Province an additional revenue of nearly \$140,000 by raising from \$2 to \$5 per square mile the ground rents of the timber limits under license. There are actually under license 46,078 square miles of limits, the ground rents of which have remained at \$2 per mile since 1868. By increasing these rents to the extent of \$3 per mile, we shall augment our revenue by \$138,234.00 which will raise our surplus to \$157,927.20. This measure was necessary under the circumstances and I believe it will be approved by the people.

As for the ordinary expenses, we entertain the hope that they will not exceed the figure of my estimate and even that they will not come up to it. We have based it on the average of the two or three last fiscal years.

There will certainly be reductions, and we would be warranted, perhaps, in cutting down at once several items in which we are determined to retrench. This would enable us to make a still more favorable showing; but we desire to proceed seriously and with a full knowledge of what we are about in making these retrenchments, after an exhaustive study of what can and what cannot be done in that sense and, rather than cut down right and left, rightly or wrongly, to dazzle the public with a fallacious state of things, we have preferred to be content, for the present, with a result less brilliant and attractive, but grounded on more well-considered probabilities. Before retrenching, we must ascertain the items

of expense which may be reduced without impairing the efficiency of the public service. We are anxious to inaugurate reforms and to economize wherever economy is possible; but we do not want to act rashly or to carry into effect reforms and retrenchments which might be of a nature to obstruct the progress of affairs or to lessen the efficiency of the administrative service.

I think it possible to inaugurate reforms in the administration of justice and considerably reduce the cost of that service. My hon. friend, the Premier, is giving attention to this important question, and I am satisfied that he will not fail to deal successfully with it, when he shall have the necessary time at his disposal after the session.

There is also room for reforms, but not for economy, in colonization matters. The money we spend for this purpose is far from producing the results we have a right to hope from it. We can more easily carry out these reforms with the help of the department we desire to organize.

Lastly, our well-defined policy, one of the principal features of our programme, is to exercise the strictest supervision over the expenditure of the public moneys, to closely watch their outlay, to control all the expenses, and to conduct the business of the Province as the business of our best managed financial institutions and great commercial houses are conducted, and according to the rules and the practice observed in those institutions.

This is the end we have in view. To attain it, however, we must necessarily take time to seriously and thoroughly study all the details of our administrative organization so as to avoid doing anything that may not be in keeping with prudence and that will not produce solid and lasting results. I am quite convinced that, by acting with discernment and in accordance with the principles of a wise administrative economy, we shall succeed in materially and permanently reducing our ordinary and controllable expenses.

But we cannot do all this single-handed, we must have the assistance of the House, the frank and loyal support of the deputation. Of course, we shall shortly have to face a notable increase of expense for the interest service, when we shall have borrowed the sums required to pay off the balance of the railway subsidies and of the cost of construction of the public buildings now progressing towards completion; but, with the good will and the patriotic help of the hon. members of this House, and the care and energy which we are determined to throw into the task, we are certain to

extricate the Province from its present difficult position, if the Legislature gives us an efficient and loyal measure of support.

#### Conclusion.

Such, Mr. Speaker, is the financial position of the Province frankly and conscientiously explained, as I understand it, and as it unfortunately is in reality.

Certain persons will pretend, perhaps, that it would have been better in the interest of the country, to respect the old traditions, to extenuate things and to not state the whole truth, especially on the eve of putting a new loan on the market. That is not my opinion and I am convinced that it is not the opinion of the House or the country either.

The time has come to tell the truth, the whole truth and nothing but the truth; the people anxiously look for it; business men demand it with confidence; and my own reputation forbids me to conceal it. I have consequently responded to a general, a universal desire in exposing the financial situation as it is.

I must, nevertheless, add that, however disquieting it may be for the inhabitants of the Province, the situation is not so for our creditors. We have the means to pay our debts and shall pay them honestly. The present Government cannot repudiate, and do not wish to repudiate, any of the engagements contracted by its predecessors. Every legitimate claim will be paid, if the Legislature will give us the means.

Mr. Speaker, I understand all the responsibility of the declarations I am now making, but I do not hesitate to assume it, because I am convinced of the truth of my statements. I do not want to lull public opinion or to deceive the House by dangling illusory hopes before its eyes. I state what my conscience dictates, and I promise to do what should be done, if we receive from the House and country the loyal assistance, the generous and patriotic support, upon which we have a right to rely in the achievement of so arduous and national a work. We ask for that assistance; we hope for that support; and, in the name of the Province which we represent, we appeal to all men of heart, without distinction of race, creed or party, and we beg of them to sink the divisions and the feuds of the past, in order to rally all the forces of the nation for a single and noble aim---the salvation of our common country.



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# SUNDRY STATEMENTS,

SHOWING THE

## Financial Situation of the Province of Quebec

ON THE

31st JANUARY, 1887.

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**Statement No. 1.**

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**STATEMENT  
OF ALL CASH RECEIPTS AND PAYMENTS**

**BETWEEN**

**30th June, 1882, and 30th June, 1886.**

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STATEMENT of all Cash Receipts and Payments between 30th June, 1882, and 20th June, 1886.



STATEMENT of all Cash Receipts and Payments between 30th June, 1882, and 30th June, 1886—(Continued.)

	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Brought forward.....					904,786 33		1,085,35 92	3,818,073 75
<i>Construction of Q. M. O. &amp; O.—(Continued.)</i>								
1885-86 Construction and Land claims.....			5,457 32					
Less refunds.....			12,450 17					
<i>Subsidies to Railways.</i>					6,992 85		897,793 48	
1882-83.....					99,057 90			
1883-84.....					137,465 80			
1884-85.....					273,180 00			
1885-86.....					316,663 99		320,368 80	
<i>Parliament Buildings Expenditure.</i>								
1882-83.....					9,500 28			
1883-84.....					82,500 95			
1884-85.....					140,000 00			
1885-86.....					87,000 00		320,164 23	
Balance on hand at 30th June, 1886, unexpended of Loan of 1882.....								3,129,362 43
<i>Quebec Court House—</i>								688,711 32
Paid acct of construction.....								
do do.....					715 18			
do do.....					54,018 38			
do do.....					83,777 15			
do do.....					90,000 00		234,510 71	
Carried over.....							234,510 71	688,711 32

do	1884-85	83,777 15			
do	1885-86	90,000 00			
do			234,510 71		
Carried over			234,510 71		688,711 32

STATEMENT of all Cash Receipts and Payments between 30th June, 1882, and 30th June, 1886.—(Continued.)

	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Brought forward					234,510	74		688,711 32
<i>Quebec Court House—(Continued)</i>								
Received for Debentures sold 1884-85			156,000	00				
do 1885-86			50,000	00			203,000 00	
Balance in excess of Debentures included in ordinary payments, 1885-86							34,510 71	
<i>Trust funds</i>								
Received on deposit 1882-83			82,165	19				
do 1883-84			24,086	18				
do 1884-85			28,668	13				
do 1885-86			25,999	51			160,919 01	
Paid 1882-83			37,022	00				
do 1883-84			7,495	00				
do 1884-85			8,668	64				
do 1885-86			7,910	00			60,995 64	
<i>Advances and Repayments (Balance of Advances deducted.)</i>								
Amount advanced 1884-85			5,616	79				
do 1885-86			2,037	40			7,654 40	
Carried over			25,646	40			99,923 37	688,711 32

STATEMENT of all Cash Receipts and Payments between 30th June, 1882, and 30th June, 1886.—(Continued.)

	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Brought forward.....			25,646	40			99,923	37	687,711	32
<i>Advances and Repayments (Balance of advances deducted—(Continued))</i>										
Received on account										
1882-83.....		11,000		00						
do 1883-84.....		2,250		00						
do 1884-85.....		4,500		00						
do 1885-86.....		4,500		00						
			22,250	00			3,396	40	96,526	97
<i>Temporary Loans—</i>										
Amount borrowed										
1883-84.....			400,000	00						
do 1884-85.....			450,000	00						
do 1885-86.....			750,000	00						
			1,600,000	00						
Amount repaid										
do 1883-84.....		100,000		00						
do 1884-85.....		300,000		00						
do 1885-86.....		450,000		00						
			850,000	00			750,000	00	750,000	00
			600,000	00						
<i>Price of Q. M. O. &amp; O. Railway—</i>										
Instalments received in 1882-83.....										
Invested as follows at 30th June, 1886:										
With Union Bank of Canada.....										
“ Bank Jacques-Cartier.....		31,000		00						
“ Banque du Peuple, Montreal.....		50,000		00						
“ “ Three Rivers.....		100,000		00						
“ “ “.....		30,000		00						
Carried over.....		211,000		00					1,535,238	29



With Union Bank of Canada.....	31,000 00				
" Bank Jacques-Cartier.....	50,000 00				
" Banque du Peuple, Montreal.....	100,000 00				
" " Three Rivers.....	30,000 00				
Carried over.....	211,000 00				1,535,238 29

STATEMENT of all Cash Receipts between the 30th June, 1882, and 30th June, 1886.—(Continued.)

	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Brought forward.....	211,000	00					1,535,238	29
<i>Price of Q. M. O. &amp; O. Railway—(continued)</i>								
With Exchange Bank.....	37,500	00						
do Federal Bank of Canada.....	50,000	00						
do Banque d'Hochelega, Three Rivers.....	20,000	00						
In City of Quebec Municipal Loan F. Bonds.....	15,000	00						
do Town of Levis do.....	66,500	00						
do Quebec Court House Bonds.....	81,500	00						
	200,000	00	600,000	00				
(N. B.—No part of this \$600,000 is included in Balance of Cash on hand 30th June, 1886.)								
<i>All payments not included in above:</i>								
1882-83.....					3,120,562	68		
1883-84.....					3,125,126	28		
1884-85.....					2,957,866	96		
1885-86 Including \$34,510.71 Quebec Court House.....					3,068,132	66		
					13,251,678	57		
<i>All receipts not included in the above:</i>								
1882-83, Including \$34,120.10 Municipal Loan Fund Receipts.....							2,789,948	57
1883-84, do 5,788.58 do do.....							2,869,060	22
1884-85, do 42,671.84 do do.....							2,962,906	99
1885-86, do 102,361.50 do do.....							3,052,087	86
							11,673,903	63
Carried over.....							967,463	36
							967,463	36

STATEMENT of all Cash Receipts and Payments between 30th June, 1882, and 30th June, 1886.—(Continued.)

	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Brought forward.....								957,463 35
Cash on hand 30th June, 1886.....								
Less required to pay outstanding Warrants.....							1,034,703 48	
							76,240 14	
(N. B.—Of the \$957,463.35 Cash on hand, \$688,711.32 is the balance unexpended of the proceeds of the Loan of .....								957,463 35
.....32.								

REC

Statement No. 2.

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**STATEMENT**  
OF THE  
**REVISED ESTIMATE**  
OF THE  
**RECEIPTS OF THE PROVINCE OF QUEBEC**  
FROM THE  
**31st of January to the 30th of June, 1887.**

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STATEMENT of the Revised estimate of the receipts of the Province of Quebec, from 31st January to the 30th June, 1887.

	Estimate.		Received to 31st January 1887.		Balance of Estimate not Received.		Amount received in excess of estimate.		Revised estimate of amount to be received between January 31 and June 30.	
	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Dominion of Canada.....	1,261,872	80	1,202,022	80	59,850	00	59,850	00	59,850	00
Ontario.....	30,000	00	.....	.....	30,000	00	.....	.....	30,000	00
Crown Lands.....	700,000	00	396,957	75	303,042	25	.....	.....	288,042	25
Licenses.....	275,000	00	47,192	08	227,806	92	.....	.....	235,807	92
Administration of Justice.....	238,500	00	106,086	82	132,413	18	.....	.....	117,413	18
Public officers, percentage on fees.....	7,000	00	5,707	74	1,292	26	.....	.....	1,292	26
Legislation.....	4,000	00	3,924	99	75	01	.....	.....	75	01
Lunatic Asylums, contributions from municipalities.....	35,000	00	6,272	53	28,728	47	.....	.....	28,728	47
Official Gazette.....	20,750	00	11,723	84	9,026	16	.....	.....	9,026	16
Public Works and Buildings, rents, &c.....	1,000	00	2,232	82	.....	.....	1,282	62	1,000	00
Casual Revenue.....	5,000	00	3,017	88	853	85	.....	.....	863	85
Pension Fund, contributions.....	30,000	00	32,206	08	1,982	12	.....	.....	1,982	12
Interest on Deposits, &c.....	500	00	.....	.....	500	00	.....	.....	500	00
Quebec Fire Loan.....	375,000	00	185,942	11	189,057	89	.....	.....	183,057	89
Interest on price Q. M. O. & O. Railway.....	100,000	00	5,350	00	94,620	00	.....	.....	4,000	00
Municipal Loan Fund.....	8,500	00	7,125	00	1,375	00	.....	.....	350	00
Repayments, Beaufort and St. John de Dieu Asylums.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Provincial Insurance Companies, contributions to cost of inspection.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Premium, Discount and Exchange.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Refunds.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Insurances, Old Parliament Buildings.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Marriage License Fees.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Superannuated Teachers' Fund.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Security Deposits by Public Officer.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	3,093,622	80	2,093,213	91	1,080,634	11	3,438	90	952,989	11

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PAY

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Statement No. 3.

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STATEMENT  
OF THE  
AMOUNT REQUIRED  
FOR  
PAYMENTS OF THE PROVINCE OF QUEBEC  
FROM THE  
**31st January to the 30th June, 1887.**

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STATEMENT of the amount required for payments of the Province of Quebec from the 31st of January to the 30th of June, 1887.

Account no.							



STATEMENT of the amount required for payments of the Province of Quebec from the 31st of January to the 30th of June, 1887.

	Estimate.	Expenditure not included in estimate.	Total Expenditure to 31st Jan'y 1887.	Unexpended of Estimate.	Supplementary Estimate.	Amount required between Jan'y 31st & June 30th 1887.
Public Debt—Interest on funded debt.....	\$888,504 22	.....	471,215 73	417,288 49	.....	417,288 49
do do on temporary loans and deposits.....	25,000 00	.....	33,400 34	3,839 23	43,000 00	43,000 00
do do charges of management.....	7,101 97	.....	3,262 74	3,835 52	.....	3,839 23
do do sinking fund and redemption.....	85,214 12	.....	26,878 60	88,425 14	.....	(*)27,480 85
Legislation.....	217,960 00	9,214 52	237,749 38	70,367 66	21,457 22	109,862 36
Civil Government.....	185,420 00	.....	115,052 34	7,430 19	10,000 00	77,797 85
Administration of Justice.....	364,248 48	.....	238,081 16	126,137 32	10,000 00	136,137 32
Police.....	14,090 00	.....	8,982 25	5,107 75	750 00	5,857 75
Reformatory prisons, Schools and Industrial Schools.....	50,452 00	.....	47,777 89	32,674 11	4,000 00	36,674 11
Inspection of Public Offices.....	7,000 00	.....	3,724 34	3,275 66	.....	3,275 66
Public Instruction.....	348,885 00	.....	245,135 00	103,750 00	6,410 00	110,160 00
Literary and Scientific Institutions.....	19,150 00	1,142 71	13,880 64	6,312 08	7,599 16	13,911 24
Arts and Manufactures.....	11,500 00	.....	8,250 00	3,250 00	.....	3,250 00
Agriculture.....	96,915 00	5,000 00	75,546 01	26,368 99	606 00	26,974 99
Immigration and Repatriation.....	8,000 00	4,534 74	3,464 26	.....	.....	3,464 26
Colonization.....	155,000 00	.....	135,500 00	15,500 00	.....	16,500 00
Public Works & Buildings—Repairs, &c.....	56,629 00	.....	35,901 68	20,727 32	10,000 00	30,727 32
do do Inspection, &c.....	2,000 00	.....	26 15	1,973 91	.....	1,973 85
do do New Parliament Buildings.....	54,420 00	.....	54,306 00	113 91	130,000 00	130,113 91
do do Repairs of Court Houses and Gaols, Insurances, Rents, &c.....	73,700 00	.....	70,566 85	2,823 15	120,000 00	122,283 15
do do Montreal Court House extension, for purchase of land.....	20,106 76	.....	11,360 12	8,746 64	.....	8,746 64
Eunatic Asylum.....	230,000 00	.....	131,866 01	98,613 99	18,000 00	18,000 00
Miscellaneous Charities.....	39,316 00	.....	39,316 00	8,014 20	13,000 00	8,014 20
do do generally.....	20,000 00	.....	13,985 50	1,333 34	.....	1,333 34
Agent in France.....	2,500 00	.....	1,166 66	.....	.....	.....
Carried over.....	\$3,012,982 55	23,757 57	1,930,297 51	1,106,442 61	392,232 57	1,467,820 51

(\*) \$30,854.67 included in estimate for sinking fund of loan of 1874 is not included in the amount required between January 31st and June 30th, as it will not be paid.

STATEMENT of the amount required for payments of the Province of Quebec from the 31st of January to the 30th of June, 1887.—(Continued.)

Estimate.	Expenditure not included in estimate.	Total Expenditure to 31st July, 1887.	Unexpended of Estimate.	Supplementary Estimate.	Amount required between Jan'y 31st & June 30th, 1887.
\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
3,012,982 55	23,757 57	1,930,297 51	1,106,442 61	392,232 57	1,467,820 51
Brought forward.....					
Pensions, Civil Service.....	15,000 00	8,713 95	6,286 05		6,286 05
Municipalities Fund.....	5,000 00	72 00	4,928 00		4,928 00
Crown Lands Expenditure.....	136,811 00	102,069 00	34,811 00	17,600 00	62,411 00
Towards carrying out Quebec Patentes Act.....	1,000 00		1,000 00		1,000 00
Deschamps' List of Parishes.....	2,000 00				
Quebec Official Gazette.....	14,500 00	2,000 00			
Stamps, Licenses, &c.....	12,000 00	6,249 60	8,250 00		8,250 40
Help to distressed fishermen, North St. Lawrence.....		6,402 73	5,597 27		5,597 27
Royal Commission on Q. M. O. & O. Railway.....		6,000 00		3,500 00	3,500 00
Teachers' Pension Fund, grant for six years, under 43-44 Vict., chap. 22, sect. 12.....		5,881 25		5,000 00	5,000 00
Marriage Licenses.....				6,000 00	6,000 00
Railways:—Inspection.....		7,794 00			
Q. M. O. & O. Railway—Traffic expenses.....	1,000 00	525 00	475 00		475 00
do Construction acc'ts outstanding.....	15,000 00	2,500 00	15,500 00		15,500 00
Subsidized Railways.....	250,000 00	4,000 00	11,000 00		11,000 00
Roman Catholic Superior Education Fund—Schools of Arts and Sciences.....		372,464 90		486,000 00	486,000 00
	500 00	500 00			
	3,483,293 55	416,397 72	1,194,290 33	910,332 57	2,073,768 23

STATEMENT of the amount required for payments of the Province of Quebec from the 31st of January to the 30th June, 1887.—(Continued.)

Expenditure	Total	Amounts required between

STATEMENT of the amount required for payments of the Province of Quebec from the 31st of January to the 30th June, 1887. — (Continued.)

	Estimate.	Expenditure not included in estimate.	Total Expenditure to 31st Jan'y, 1887.	Unexpended of Estimate.	Supplementary Estimate.	Amounts required between Jan'y 31st & June 30th, 1887.
	\$ cts.	\$ cts.	\$ cts.			
<b>MEMO :</b>						
<i>New Court House, Quebec :—</i>						
Amount paid on this account to 31st January, 1887.....			\$ 305,387 56			
do required to 30th June, for work done prior to 31st January, 1887, undisputed.....		70,000 00				
do required to 30th June, 1887, for work to be done between 31st January and 30th June, 1887.....		52,823 15	122,823 15			
Estimated amount required to complete.....			100,000 00			
			\$ 528,210 71			
<i>New Parliament Buildings :—</i>						
Amount paid on this account to 31st January, 1887.....			\$ 374,470 23			
do required to 30th June, 1887, For work done prior to 31st January, 1887, undisputed.....		90,000 00				
do to be done between 31st January, 30th June, 1887.....		40,113 91	130,113 91			
Estimated amount required to finish.....			75,000 00			
			\$ 579,584 14			

STATEMENT of the amount required for Payments of the Province of Quebec from the 31st January to the 30th June, 1887.—  
(Continued.)

	Estimate.	Expenditure not included in estimate.	Total Expenditure to 31st January 1887.	Unexpended of estimate.	Supplementary Estimate	Amount required between January 31st and June 30th, 1887.
Balance of estimated expenditure for 1886-87, unexpended at 31st January, 1887.....	\$1,194,290 33					
<i>Deduct</i> —						
Estimate for Sinking Fund of Loan 1874.....	30,854 07					
<i>Add</i> —						
Supplementary Estimates.....	1,163,535 66					
	910,332 67					
Balance of estimated receipts for 1886-87, at 31st January, 1886, as revised.....	2,073,768 23					
<i>To be provided</i> .....	952,989 11					
	\$1,120,779 12					

**Statement No. 4.**

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**APPROXIMATE STATEMENT**

**OF LIABILITIES and ASSETS of the Province of Quebec, at 31st  
January, 1887, based upon official reports furnished by the  
different Departments, but not including a large  
amount of disputed claims against the Gov-  
ernment or amount due to the Province  
from the Municipal Loan Fund.**

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APPROXIMATE STATEMENT of liabilities and assets of the Province of Quebec,   
 ments, but not including a large amount of disputed claims against the

LIABILITIES.	\$ cts.	\$ cts.
Funded Debt outstanding.....		18,155,013 33
Temporary Loans and Deposits.....		729,227 67
Outstanding Warrants at 31st January, 1887.....		16,196 78
Estimated deficiency of revenue of current year 1886-87 to meet expenditure, not including payments to be made on Railway subsidies, Parliament Buildings, Q. M. O. & O. R'y, Construction claims and Quebec Court House.....		370,812 00
Railway money subsidies authorized, but not yet earned.....		559,732 25
Railway Land subsidies converted into money subsidies under 49-50 Vic., Cap. 77, and authorized by order in council prior to the 31st January, 1887, 3,800,500 acres at 70 cts. per acre.....	2,660,350 00	
First 35 cts. per acre payable as the work is done.....	1,330,175 00	
Paid on account of same to 31st January, 1887.....	245,846 50	
		1,084,328 50
Railway Land subsidies which may be converted into money subsidies, 1,326,000 acres at 70 cts. per acre.....	928,200 00	
First 35 cts. per acre payable as the work is done.....		464,100 00
<i>Estimated cost of completing Parliament Buildings :—</i>		
Admitted claim for work done to 31st January.....	90,000 00	
Estimated amount required to complete.....	115,113 91	
		205,113 91
Contract for Statues on Parliament Buildings.....		25,000 00
<i>Estimated cost of completing Quebec Court House :—</i>		
Admitted claims for work done to 31st January.....	70,000 00	
Estimated amount required to complete.....	152,823 15	
		222,823 15
Balance of Land and other Debts Q. M. O. & O. R'y.....		64,070 00
Loss on Exchange Bank deposit.....		27,000 00
Quebec Court House Bonds.....		200,000 00
		22,143,447 65

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Capital  
 Special

Cash in  
 Cost of

Advanc  
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City of

Quebec

Excess

Tre

at 31st January, 1887, based upon official reports furnished by the different Department-  
government or amount due to the Province from the Municipal Loan Fund.

cts.	ASSETS.	\$ cts.	\$ cts.
013 33	Part of price of Q. M. O. & O. Railway deposited in Banks.....	400,000 00	
227 67	Part of price of Q. M. O. & O. Railway invested in Quebec Court		
196 78	House Bonds.....	200,000 00	
	Balance of Price of Q. M. O. & O. Railway unpaid.....	7,000,000 00	
			7,600,000 00
812 00	Capitalized Railway subsidies under Dominion Act-47 Vic. Cap. 8..		2,394,000 00
732 25	Special deposit in La Banque Jacques-Cartier, payment of which has been refused on account of counter claim in re Honorable Thomas McGreevy.....		100,000 00
	Cash in Banks.....		11,473 00
	Cost of Jacques-Cartier school, Montreal, to be repaid from sale of property.....		138,348 00
	Advances to various parties.....	88,271 40	
328 50	Estimated amount due as interest on Common School Fund from Ontario.....	100,000 00	
			188,271 40
	City of Montreal, subscription to Hull bridge.....		50,000 00
100 00	do contribution towards lands expropriated between Hoshelaga and Dalhousie square.....		72,188 02
	Quebec Court House Tax under 45 Vic. 26 and 48 Vic., Cap. 15....		200,000 00
	<i>Excess of Liabilities over Assets at 31st January, 1887.....</i>		10,754,280 54
			11,389,167 11
			22,143,447 65

Treasury Department,

Quebec, 30th March, 1887.

H. T. MACHIN,

*Assistant Treasurer, P. Q.*

