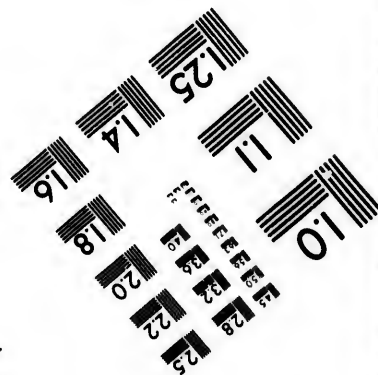
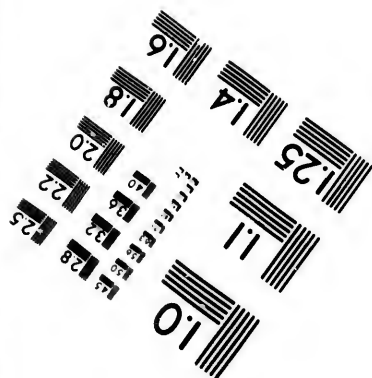
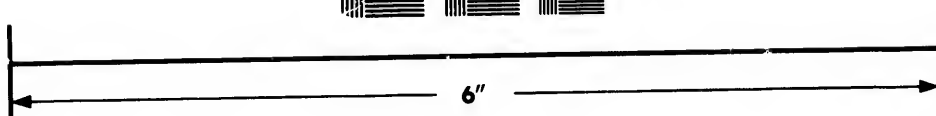
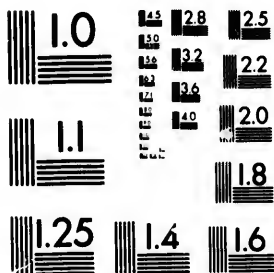


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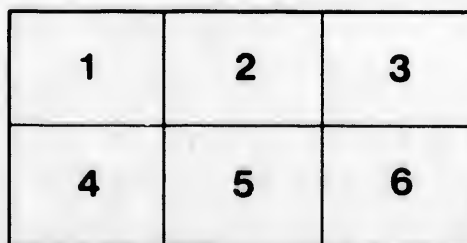
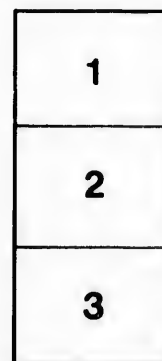
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Finances of the Province of British Columbia

BUDGET SPEECH

DELIVERED BY

THE HON. SIMEON DUCK

MINISTER OF FINANCE,

— IN —

THE PROVINCIAL LEGISLATURE,

ON

MONDAY, MARCH 29th, 1886.

VICTORIA, B. C.:

MUNROE MILLER, BOOK AND JOB PRINTER,
1886.

FINANCES OF THE PROVINCE OF BRITISH COLUMBIA.

HON. S. DUCK,—

Mr. Speaker:—In rising to move that you do leave the Chair and that the House do resolve itself into Committee for the purpose of granting a supply to Her Majesty, it devolves upon me as the financial representative of the Government to lay before the House a statement of the financial condition of the Province, as also a further statement showing the financial transactions of the Government during the time that I have had the honor of presiding at the head of this important branch of the Public Service. I desire, also, to call the attention of the House to a consideration of the estimates which have been placed in the hands of Hon. Gentlemen shewing the probable revenue and expenditure designed to meet the requirements of the Province during the financial year ending June 30th, 1887—

The question of the country's finances has been freely discussed and ventilated on both sides of the House, by the Press and from the platform, by all classes, men of ability and others whose only knowledge of finance is their own admitted ignorance of its first and last principles, and who, in their ignorance, have the conceit and impudence to arrogate to themselves the ability to judge of the fitness and capabilities of others, and who also desire to measure the intelligence of other people by their own miserable standard. We have had the strange spectacle of a class of individuals parading their own ignorance, as a qualification which they think fully justifies them in denouncing others, of whom they know nothing, as being totally unfit and incapable of performing the duties which usually pertain to the duties of Finance Minister. Verily Mark Twain spoke the truth when he said—"The less a man knows about a subject the better qualified and the more willing he is to speak upon it." By this he evidently intended to convey the idea that whenever the speeches of this peculiar class of individuals run counter

to the facts of the case, so much the worse it must be for the facts. That the speeches themselves may be interesting as showing the brass and stupidity of the speakers, and that their gushing, flowing eloquence may still be admired as demonstrating that a lively flow of language is not always conclusive evidence of profound wisdom, but very often, on the contrary, is an index pointing to the upper story and indicating "Rooms to Let." No doubt Mark Twain had this peculiar class of individuals in his mind's eye when he gave utterance to the sentiment that I have just quoted. Still it cannot be denied that many able and excellent criticisms and dissertations on the financial state of the Province have been made, day after day and week after week, both in the House and out of the House, by the Press and from the platform since the opening of the present Session. Indeed so much has been said upon this question that every honorable gentleman must be as well acquainted with the financial affairs of the Province as he is with the multiplication table, and, hence, if it were not for the prevailing custom which makes it obligatory on my part to come down to the House with what is called the Budget Speech, there would be little or nothing further for me to do, but simply move the House into a Committee of Supply. Everything that I may have to say will have been anticipated, perhaps, and that too before the main question has been presented for consideration. So eager have been honorable gentlemen opposite to take advantage of what they foolishly supposed was a weak point in our financial citadel that they did not have the common courtesy to ask the question "Are you ready?" before they opened fire from their big guns, pouring in hot shot and all kinds of ungainly missiles. In one sense, I am glad of this, because their ammunition must be nearly exhausted, their shots have fallen harmlessly to the ground, or, rebounding, have burst upon their own heads, causing dire confusion in their own depleted ranks, while their puny forces lie prostrate and utterly demoralized. Their big guns have been spiked and silenced, so to speak, while their system of guerrilla warfare has proved a miserable failure, and it only remains for them to accept the terms that are now offered—submit to an unconditional surrender and join with us in a participation of the benefits which invariably follow in the wake of a good and successful cause. It is true the wind has been taken out of my sails in a degree (laughter, and hear, hear, from the Opposition benches) not, however, by honorable gentlemen opposite, but by our friends on this side of the House, who have returned shot for shot with unerring aim and with

telling effect, while our flag-ship has been anchored close by under a full head of steam patiently waiting to engage in the final conflict and secure to the enemy a respectable funeral for his unfortunate dead. But the battle has been fought and won already, while I have had little or nothing to do but look on and watch the glorious achievements that have been attained. This, of course, has been a great comfort and consolation to me, because it relieves me from the necessity of going so fully into the question as otherwise I should have felt it my duty to do. What I may say has already been anticipated, of course, and my speech will consist of sentiments and ideas, no doubt, that have over and again found expression in this House, and hence, as before stated, it is only to comply with the usual custom, and not with a hope of presenting any additional information, that I proceed in the further discharge of my duty.

Now Sir, it is one thing to know that the affairs of the Province have been conducted in an economical and satisfactory manner, and that the country has good reason to congratulate itself on its growth and prosperity, the result, may me not say, in a degree at least, of the constant efforts of the government to administer the affairs of State in a manner which we trust and believe will meet the approval of honorable gentlemen and be acceptable to the general public. But it is quite another thing to make a verbal statement and bring these questions before the House in a clear, intelligible and unmistakable form. For instance, a man may know a thing to be true and yet be unable to prove it. He may be a first-class financier and accountant, capable of accomplishing everything that can be done with the amount of money at his disposal, and of keeping a full and correct account of the same, and yet be almost wholly unable to explain every transaction in a manner at once clear and easily comprehensible to others. In a word, he may be an excellent workman, but a very inefficient public speaker. Now Sir, while I should be very loath to follow in the footprints of some of our adversaries, who, while admitting their ignorance of finance, do not hesitate to criticise the conduct and ability of others, I say Sir, while I am far from being ignorant of the question, I do not presume on any superior ability as a financier and public speaking is certainly not my forte. On the contrary, I have employed my whole time, until recently, in the physical occupations of life, devoting but little attention to a consideration of literary pursuits, and as this is my first attempt to grapple with the difficult

question of finance, or to unravel its manifold complications, I trust that honorable gentlemen will bear with me in my endeavors to place before the House such facts and figures as I have been able to grasp and comprehend. As you are aware, my duties as a member of the government began on the 20th of March, 1885, but my appointment to the position of Minister of Finance was not confirmed by the electors until the 15th of April, following, and, hence, my knowledge of the financial affairs of the Province, prior to that date, has been acquired in the usual way, from the financial records of the province. The same may be said in regard to the subsequent financial transactions of the Government. All are, of course, matters of close record, but the latter, coming more directly under my own personal observation, I can speak, at least partially, from experience, in dealing with this particular part of the question.

I shall first call your attention to the financial condition of the Province immediately preceding Confederation, showing its assets and liabilities at that date, the estimated revenue and expenditures for the year ended Dec. 31st, 1871, the various sources of Provincial Revenue that were transferred to the Dominion and the different public services, and the expenses connected therewith that were assumed by that government as a condition of the Terms of Union. Also to the receipts and expenditures up to the 20th July, 1871, that being the date of Confederation, and which several statements will give you an approximate idea of the financial state of the Province during its transition period.

I shall next refer, briefly, to the financial condition of the Province immediately after confederation, showing its assets and liabilities at that time, the advantages accruing to the Province as a result of confederation, and the different state of the finances at various times closing on the 30th June, 1885, a detailed statement of the expenditure of which last named year will be found in the Public Accounts which have been placed in the hands of honorable gentlemen. I shall, also, call your attention, very briefly, to the receipts and expenditure between the 30th June, 1885, and the present date, so far as I have been able to ascertain them, and finally, to a consideration of the estimates for the financial year ending June 30th, 1887.

Immediately preceding confederation there were outstanding against the Province debentures to the amount of

\$1,168,000, and in addition to this there was a floating debt, which, with interest, etc., amounted to \$320,461.37, making the total debt of the Province at that time \$1,488,461.37. The available assets were, cash on hand at the Treasury and in the hands of the various Crown Agents \$488,956.34, or in other words the net, or actual debt of the Province on entering confederation was \$1,000,405.08. By the 111 clause of the British North America Act, Canada became liable for the debts and liabilities of each of the provinces at the date of Union. It was, of course, an important matter that equal justice should be meted out alike to all the provinces, because any mistake in this direction would have endangered the financial basis of confederation and might have proved disastrous to its future. Some of the Provinces had incurred liabilities greatly in excess of the others and as Canada had become responsible for the payment of their liabilities to the full amount, thereby imposing additional burdens on those Provinces whose debts had not reached the maximum amount, it became necessary that some system should be adopted that would afford to the latter a corresponding relief. The debts of Nova Scotia and New Brunswick, based on population, were supposed to be greater than those of the other provinces. These were found to be about \$27.77 per head, and, hence, at the time of the union of this Province with the Dominion, in order to place us on an equal financial basis with those Provinces, it was agreed that we should be allowed \$27.77 per head, our population being estimated at sixty thousand. This arrangement entitled us to a debt of \$1,666,200, and as the total debt of the Province, as before stated, was only \$1,000,405.08, the difference, \$665,794.97, at once became an actual asset of the Province, upon which it was agreed that we should receive, by half-yearly payments in advance from the Dominion Government, interest at the rate of five per cent. per annum.

This being one of the principal sources of our provincial revenue, and the only one in fact as forming a part of the Dominion subsidy, that has undergone any change from the beginning, the one of all others that has caused so much confusion and given rise to so much difference of opinion, as having been made the issue of many a hard fought battle both in and out of the House, it may not be disinteresting to follow it through its various modifications down to its present apparently fixed attitude, referring briefly to some of the causes which led to the necessity of reducing the capital amount and the results attending the same.

This I will endeavor to do before I take my seat, but at present pass on to a consideration of other parts of the question in the line and order as before designated.

The liabilities of the Province then, immediately preceding Confederation, were, as before stated, \$1,000,405.08, the assets nil. The estimated revenue for the year ended Dec. 31st, 1871, was \$533,950. The estimated expenditure \$522,135. Some portions of the estimates for that year were based on certain financial resources of the Province, which, on entering the union were transferred to the Dominion, while the Dominion Government assumed the charges and management of certain public services, this arrangement having been made a condition of the Terms of Union, so that the Province in relinquishing these several sources of Provincial Revenue, was at the same time relieved of the expenses connected therewith, as well as other heavy responsibilities necessary for the maintenance of good government within the Province. The following are the resources referred to, and which became the property of the Dominion at that time: Customs and Harbor Dues, Excise and Postage.

The several amounts received by the Province from these sources up to July 20th in the year 1871, were, Customs and Harbor Dues, \$192,021.16. Excise, \$1,802.83. Postage, \$2,363.90, making a total under these heads of \$203,187.89. I have been unable to ascertain the exact amount received from these sources between the 20th July and the 31st Dec. as the Dominion Fiscal Year ended then, as it does now, on the 30th of June, but the receipts of the Dominion in the Province of British Columbia for the first year after Confederation were \$356,099, while Dominion expenditures during the same period amounted to \$481,330, being \$125,231 in favor of the Province.

This includes interest and other expenses in connection with the public debt, railway surveys, etc., which, perhaps ought not to be taken into account at this time, but it will easily be seen that in the matter of annual receipts and expenditures by the Dominion in British Columbia, the Province lost nothing by Confederation. The following are the different Public Services referred to and which were assumed by the Dominion Government under the Terms of Union on and after the 20th July, 1871: The salary of His Honor the Lieutenant Governor, (and here it may be remark-

ed that the salary of His Honor under the Crown Colony system, was \$19,400 annually, but immediately after Confederation it was reduced to \$8000, and subsequently increased to \$9000 per year, at which figure it now stands; the management and charges in connection with the Customs, Post Offices, Conveyance of Mails, to, from and within the Province, Supreme and County Court Judges, Pensions, the Indians, Telegraph, Militia, Government Vessels, Light-houses, Excise, Navigation, Quarantine and Penitentiaries. The estimated expenditure for these services for the year 1871, was \$123,261, and this has been continually increasing from year to year until the present time.

I have before said the estimated revenue of the Province from all sources for the year ended Dec. 31st, 1871, was \$533,950. The actual receipts were \$514,800.92, being \$19,149.08 less than the amount estimated. This discrepancy arose, no doubt, to a great extent at least, in consequence of the receipts from Customs, etc., being transferred to the Dominion, and collected by that Government from and after the 20th July. It is quite true, the Dominion subsidy for the half year, viz.—\$107,000 was duly paid to the Province, but the amount received by the Dominion for customs etc. during the same period would fully account for the difference. The total revenue of the Province from all sources up to the 20th July in the year 1871 was \$322,904.44, the total expenditure \$342,179.29. It will thus be seen that the receipts and expenditure of the Province at that time were about equally balanced, but it must not be forgotten that our Provincial debt bore heavily upon us involving the payment annually, for interest and Sinking Fund, of a sum amounting to nearly \$160,000, leaving but little for public works and other necessary requirements of government. If we take the charges in connection with the Fixed Establishments Allowances, Office Contingencies, etc., viz.—\$154, 118,75, and the cost of the different services assumed by the Dominion Government, \$64,729.96, we find the total cost of civil government including these services, together with the interest and other expenses of the public debt to have been \$372,486.21, leaving only the small sum of \$149,648.80 available for all the other services of the Province, such as the Administration of Justice, Charitable Allowances, Education, Hospitals, Police and Gaols, Transport, Works and Buildings, Roads, Streets and Bridges, and the many other

little expenditures that are involved under the head of miscellaneous. This, then, was the true financial state of the Province prior to the date of Confederation, only the small sum of \$149,000, available for the public services referred to, and a debt of \$1,000,405.03 hanging over our heads, with no available assets. What a change has taken place since then. The whole amount of our available revenue at that time, after providing for the Fixed Establishments, Interest etc., would not more than meet the demands of our educational requirements of to-day. But to proceed—We come now to a consideration of the second part of the question, viz: The financial condition of the Province immediately after the Confederation, and the different changes through which it has passed up to the present time. Of course, I cannot go minutely into details in an off-handed address like this, because that would be taxing my memory to an unjustifiable extent, and might, perhaps, be attempting something beyond my power to accomplish, to say nothing about the time that would be required and which the House might not be in a disposition to grant.

On entering Confederation, then, we find ourselves suddenly relieved from a heavy debt with no available assets, to a position of comparative affluence and financial freedom. Instead of an irresponsible executive, the management of the affairs of state transferred directly to the people—our isolated position as a colony of Great Britain at once removed, and the Province brought nearer and nearer to the centre of commerce and civilization with bright hopes in anticipation of the completion of the Canadian Pacific Railway, which is now an accomplished reality; free from debt, with an accumulated capital of \$1,280 000, yielding an annual revenue of \$214,000 forever; a better and more extensive mail system provided; the expenses in connection with the management of the Indians taken from our shoulders; those of the open seas and inland navigation provided for by the Dominion Government, together with many other important public services involving heavy expenditure, and our people very naturally felt that they had awakened to the realization of a new era in the history of our country; and notwithstanding the many little disputes and the apparent repeated failures on the part of the Dominion Government to carry out the terms of Union in their integrity, causing more or less stagnation for the time being, there can be no doubt that confederation with Canada was a wise and statesmanlike act on the part of our

people ; that the Province has been steadily progressing from that time to this, and that it will continue to do so for many years to come.

The following statement will show the annual receipts of the Province from ordinary sources during the fourteen years of Confederation:

| | |
|---|-----------------------|
| Six months to 31st December 1871..... | \$191,819.67 |
| For the year to 31st December 1872..... | 324,301.16 |
| For the year to 31st December 1873..... | 363,258.49 |
| For the year to 31st December 1874..... | 370,524.79 |
| For the year to 31st December 1875..... | 350,208.29 |
| For the year to 31st December 1876..... | 381,119.92 |
| For the year to 31st December 1877..... | 403,830.15 |
| For the year to 31st December 1878..... | 428,121.20 |
| Six months ended June 30th 1879..... | 212,656.46 |
| For the year ended June 30th 1880..... | 386,249.84 |
| For the year ended June 30th 1881..... | 394,334.71 |
| For the year ended June 30th 1882..... | 402,100.27 |
| For the year ended June 30th 1883..... | 422,136.53 |
| For the year ended June 30th 1884..... | 497,055.80 |
| For the year ended June 30th 1885..... | 592,268.13 |
| Total..... | <u>\$5,719,985.41</u> |

It will thus be seen that the revenue of the Province had been gradually increasing from the date of Confederation up to the 31st Dec., 1878, after which, owing to the unsettled state of affairs between the Dominion and Provincial Governments, it remained nearly stationary until 1883, at which time the present Government accepted office. From this time there was again a gradual increase until the revenue, which in 1882 amounted to \$402,100.27, has now, at the close of the fiscal year 1885, reached the snug sum of \$600,000, being an increase of \$200,000, under the able administration of the present Government.

Now, sir, there may be a question, and no doubt there is, in the minds of our friends opposite at least, as to whether the present Government is entitled to the full credit of this improved state of affairs or not. For my own part, I am not inclined to be selfish and am willing to give credit to whom credit is due and believing that it is not for finite minds to decide positively and unmistakeably in regard to many of the affairs of life, I don't think it would be wise to pursue an arbitrary course in our endeavor to arrive at a reasonable and satisfactory conclusion. But we may look at the effect and endeavor to trace it back to what appears

at least to be the natural cause. Now it cannot be denied that for four years preceding the present administration the revenue of the Province remained nearly stationary, and this, notwithstanding the work on the railway was being vigorously pushed forward on the mainland, at least, during a great part of the time. Neither can it be denied that from the time the present Government accepted office our revenue has been increasing from year to year, until for the year ended June 30th, 1885, it had amounted to fully \$600,000, being an increase of at least fifty per cent. within the time mentioned. This being true there is but one of two views that we can take of the question, or, at most, take up our position somewhere between the two. Either the Government were fortunate in accepting office at the time they did, or the country was fortunate in demanding a change at that particular time. The old "Fight Canada Policy" had proved a failure, and whatever our position from the standpoint of justice may have been, in our struggles with Canada we were being worsted every time. Under these circumstances it became necessary that we should adopt a new and different policy and although the result has not been as satisfactory as we could wish, owing to our inability to grapple successfully with the Chinese evil for the time being, I don't think there is a sensible man in the Province if he were to speak his mind candidly and unbiased by political prejudice, who will say that the Province has not been improving during the past four years and that the changes produced by the efforts of this government have not been productive of beneficial results. Undoubtedly this is so—at least so far as the human mind can judge. This is not an age of prophecy, or, rather, I may say of genuine prophets. People attach but little importance to the blind and unsupported mutterings of self-interested theorists, and hence it is all moonshine to talk about what might have been the result of some action that never did and never could take place. The past cannot be re-called, neither can the future be foretold. We may speculate on the past and make the best possible use of the present. We can form an opinion as to a certain cause whether the effect has been good or evil, but we cannot tell what would have been the effect of a continuation of the policy of the former government, and unless it can be shown that the policy of the present government has been productive of injurious effects; there is no reason to suppose that a different policy, controlled by different men, would have produced a more happy state of affairs. Unless it can be shown that our revenue has

fallen off, that our population is decreasing, that business generally is in a state of stagnation, that we are not in a position to provide employment to an increased number of skilled and unskilled laborers, that the resources of the country, agricultural and otherwise, are not being developed, and that things generally have been neglected, I think it will be a difficult thing to convince the public that the business of the country has fallen into the hands of incompetent men, as some of our adversaries have disingenuously but vainly tried to make it appear.

But, if on the contrary, it can be and is, shown by the official returns, that the revenue has increased at least fifty per cent., that our population has been gradually increasing, the business of the country fairly prosperous, that at least two and I don't know but four persons are employed where there was not more than one four years ago, and that the resources of the country, agricultural and otherwise, are being developed as rapidly as circumstances will admit, then I think the Government have a right to expect the support of this House and the good will and confidence of the country; and the fact that the Government do possess the good will and confidence of all right-minded people, not only affords the best possible evidence that the present administration has been a prosperous and successful one to the country, but is most gratifying to the Government, I assure you; and, notwithstanding the lack of appreciation on the part of our disconsolate friends, both in and out of the House, I believe that the country is safe, and that it will continue to prosper under the wise policy of the present Government, supported as it is by a large majority of the people's representatives.

Since Confederation, authority has been obtained by government to issue debentures to the amount of \$1,888,000. And in addition to this, other means were provided by which the government were authorized to obtain the sum of \$945,878.97, this latter being a capitalization of a certain portion of the Dominion Subsidy and extending the power of government to borrow, within the time mentioned, to \$2,833,878.97. The total amount of debentures issued since Confederation, was \$1,176,000.00. Interest has been received on special deposits to the amount of \$29,706.89; also, from investments of Sinking Fund, \$19,878.72. Capital withdrawn from our Dominion five per cent. stock, \$389,150. Refund and cash received from the Dominion Government at various times on account of dock, \$132,172.88; and in de-

posits at various times, \$52,781.43; while from ordinary revenue the sum of \$5,719,985.41, has been received, making the total receipts of the Province from all sources during the fourteen years of Confederation, \$7,769,675.33.

Perhaps the \$432,172.88 refund, and cash received at various times on account of dock construction, ought not to be taken into account in this statement, seeing simply that it was an advance, so to speak, to the Dominion Government for the time being, at least a great portion of it, and was originally included in the receipts under the head of Ordinary Revenue.

Deducting this amount, then, from the gross receipts of the Province, we find the net or actual receipts to have been \$7,337,502.45 during the time mentioned. I have before stated that the principal source of our revenue is the Dominion subsidy, which, except in the year 1878, up to the time the present government accepted office, comprised considerably more than one half of the ordinary revenue of the Province. It now constitutes about one third of our receipts, and may be regarded as a fixed sum which has undergone but little change since Confederation. In fact it has remained permanent or nearly so during the past nine years, with one exception, to which I shall presently allude. As you are aware the Dominion subsidy is made up of four distinct and separate items: First, the annual payment of interest at five per cent on the difference between the actual and allowed debt of the Province at the date of Union; second, the amount allowed by the Dominion in support of our Government and Legislature; third, the grant per capita of our population; and fourth, for lands conveyed to the Dominion government in trust for railway purposes; the whole amounting to \$214,000 annually, and representing a capital at the date of Union of \$4,280,000.

The last three items of the subsidy have undergone no change from the beginning; but the first has never stood at the same figure at any time for a longer period than two years. There have always been little readjustments of accounts between the Dominion and Provincial governments; small sums in connection with matters that were not brought to account at the time of Confederation, together with other little accounts for and against the Province, that have arisen from time to time in connection with the financial transactions between the two governments. These have

all been brought to account and properly balanced from year to year, as they presented themselves, in connection with that part of the Dominion subsidy, being five per cent. interest on the difference between the actual and allowed debt of the Province. This accounts, at least partially, for the various discrepancies that appear from time to time in that part of our revenue constituting this particular item of the Dominion subsidy.

But this is not all. There were two events which, more than all others, produced a marked effect in this particular item of our revenue. The first took place on the 23rd of May, 1873.

It will be recollected that the Provinces of Ontario and Quebec entered the Dominion with a supposed debt of \$62,500,000 conjointly; but it was afterwards ascertained that instead of \$62,500,000, it was in reality \$73,000,000, and as Canada had become responsible for the payment of the total debts of all the Provinces, it became necessary that a readjustment should be made, and accordingly an act was passed by the Dominion Parliament relieving the said Provinces of Ontario and Quebec from the aforesaid additional charge of 10,000,000 and odd dollars, and at the same time it became necessary in order to compensate the other Provinces for this addition to the general debt of Canada, that they should be allowed an additional increase to their debt in a proportionate amount. This entitled British Columbia to an addition of \$280,084.00 to her allowed debt, and increased our capital from \$4,280,000 to \$4,560,000 yielding an annual revenue of \$228,000.00.

About this time the Government of the day being hard pressed by demands for public improvements that came pouring into them from the different districts, conceived the idea of instituting a loan. Now it so happened that Sir Leonard Tilley was Minister of Finance for the Dominion at that time and he suggested that the Dominion would be willing to advance such sums of money from time to time as might be required for public improvements, the whole not to exceed the difference between the actual debt and the allowed debt of the Province which was at that time \$945,878.97 the interest to cease from the date of such payments, and the amounts so paid to be charged against the difference of the debts. This arrangement was favourably entertained by both Governments, and on March 2nd, 1884, an Act was

passed by the local Legislature, and on May the 26th, in the same year, by the Dominion Parliament, for the purpose of carrying this scheme into effect. In 1875, after a voluminous correspondence between the two Governments on the subject, the sum of \$339,150 was advanced to the Province. A part of this money, viz., \$150,000 was advanced by the Dominion apparently with the understanding and determination that it should be charged against the subsidies in the following year. This gave rise to much dissatisfaction in this Province and a strong opposition was instituted against the then Government, and in 1876 it culminated in their defeat. From some cause, I know not what, the Dominion Government did not persist in their determination to deduct this amount from the subsidies, and the whole amount, viz.: \$339,150 was eventually charged against the debt of the Province, reducing our capital from \$4,560,000 to \$4,200,000 or thereabout, at which figure it remained until the 1st of July, 1884, when a slight increase took place, which was brought about as follows:

In 1873, when a general readjustment of the debts of the Province was made, and which readjustment entitled us to an increase in our debt of \$280,084, interest should have been allowed on this amount from the date of Union, whereas it was not allowed, or rather, not paid, until the 1st of July, 1873, or two years afterwards.

The Provinces of Ontario and Quebec occupied the same position in this respect. The increase to their debt, like our own, was only allowed from July 1st, 1873, whereas it should have been allowed from the 1st of July, 1867, that being the date of the union of those Provinces.

The Province of Ontario was, I believe, the first to take this matter in hand and bring it to the attention of the Dominion Government, and the result was that in 1884 an Act was passed by the Dominion Parliament recognizing this additional claim. This was seventeen years after the date of Confederation. And the Bill provided that the amounts by which the yearly subsidy was increased by the Act of 1873, to Ontario and Quebec jointly should be calculated as if such increase had been allowed from July the 1st, 1867, and the total amounts of the payments which in that case would have been made from July 1st, 1867, to Jan. 1st, 1873, with interest at 5 per cent. up to July 1st, 1884, should be deemed capital owing to those Provinces. This settlement with

Ontario and Quebec increased the general debt of Canada \$5,397,503.13, and to compensate the other Provinces for this additional increase it was agreed that their capital should be increased in like proportion. This gave us an additional increase of \$83,107.88 to our allowed debt and raised our capital from \$4,200,000 to \$4,283,000 at which figure it has stood since the 1st of July, 1884.

A change of Government brought a change of ideas, or perhaps, more properly speaking, I should say a change of ideas brought a change of government. Be this as it may, heavy contracts had been let involving the payment of a large sum of money. And it was also thought expedient that the floating debt of the Province should be consolidated. The funds in the Treasury were low and Canada refused to advance any further money on account of the debt, and hence, it became necessary to seek relief from another quarter. The Government obtained authority to issue debentures to the value of \$727,500. These were negotiated at the City of London, in England, and are still a charge against the Province. I have before said the total amount of debentures issued since Confederation was \$1,176,000. The total redemptions within the period mentioned were \$428,500, leaving a balance still unpaid, and to be met, of \$747,500. \$20,000 of this amount consists of debentures issued under the British Columbia Loan Act, 1874, and is bearing interest at the rate of 7 per cent. per annum. This amount is not due until the 1st of May, 1899. Both interest and principal are payable at the City of Victoria.

The balance, viz.—\$727,500, consists of debentures issued under the British Columbia Loan Act, 1877, and is bearing interest at the rate of six per cent. per annum, and the whole, both interest and principal, is payable at the City of London in England, and is redeemable on the 1st day of July, 1907. The Sinking Fund yearly accumulating to meet the aforesaid debentures has now reached the sum of \$139,425.92, so that in reality the actual debt of the Province under this head is only \$608,074.08. One part of the Sinking Fund viz.: That under the British Columbia Loan Act, 1874, \$4,370.36, is deposited at the Bank of British Columbia, and is drawing interest at the rate of four per cent. per annum. The other, namely, that in connection with the British Columbia Loan Act 1877, \$135,055.56, has been invested in separate amounts by the trustees, in Canada registered Bonds and Canada and Australia debentures, and

until June 30th 1885, was drawing interest at the rates of $3\frac{1}{2}$, 4 and 5 per cent. On the 30th June, 1885, bonds to the amount of \$14,000 that had been invested at five per cent. were sold at a premium of \$253.10, and re-invested in Canada four per cent. stock so that now this part of the Sinking Fund is drawing interest at the rates of $3\frac{1}{2}$ and 4 per cent.—the sale of the above stock being occasioned by the Dominion calling in their 5 per cent. bonds. The total debt of the Province on the 30th June was, as before stated, \$608,074.08.

The receipts from land sales occupy the second place in the scale of our revenue, and for the year ended June 30th, 1885, amounted to nearly \$200,000, closely rivalling even the subsidy itself. The exact amount was \$174,579.41. In 1872 the receipts under this head were only \$1,269.22, but from this time there was a gradual increase until 1878, when they amounted to fully \$40,000, after which they fell to about \$17,000 in 1881. In 1883 they again rose to \$26,000. But it was during the last two years that the receipts from land sales had increased upwards of five hundred per cent. Of course, this fact affords the best possible evidence that the country is being rapidly filled up with that class of settlers who contribute so much to the happiness and prosperity of the general community and without which there would little progress in the world. Nothing speaks better for a country or its government than to see numerous agricultural pioneers seeking for and obtaining a permanent settlement upon the soil, erecting comfortable homes for themselves and others who may follow, introducing new industries, cultured refinement and general civilization in remote districts of the Province. This is being done as rapidly as possible considering the difficulties that have to be encountered in a country covering such a vast area and so little known as the Province of British Columbia.

There have been no very distinct variations in the receipts from many of our miscellaneous revenues, such as those from land revenue (exclusive of land sales), free miners' certificates, mining receipts, general etc. All are, of course, subject to more or less fluctuation, but it would not be profitable to occupy the time of the House in dealing with those which may be regarded as being of minor importance. I shall, however, refer to those that have undergone material changes, and endeavor to point out briefly the various causes which led to the same. I shall first call

your attention to the receipts under the head of licenses. In 1872 the receipts from this quarter were \$44,110. Since then they had been gradually growing less until 1884, when they were reduced to \$17,770. Now it does not follow from this falling off that there have been any fewer licenses granted, or that the demand for strong drink is becoming less popular. If it did, the country, I think, would have good reason to congratulate itself, because there can be no doubt that many of the evils which beset society may be traced directly or indirectly to the abuses of the liquor traffic; although it is quite possible, nay, it is absolutely certain, that the efforts of the different Temperance organizations of late years have been crowned with wonderful, I may say unprecedented success. But for the present we must look to another quarter for an explanation of the falling off of our revenue under the head of licenses. Prior to 1872, the receipts from licenses were paid into the Treasury and became a part of the consolidated revenue of the Province. But in that year an Act was passed repealing the Borough Ordinance, 1865, and granting to Municipalities authority to levy and collect the licenses for their own use, and the result was that the revenue from this quarter, which in 1872 amounted to \$44,110 fell to \$80,368 in 1873, and to \$25,000 in 1874. Since then various Municipalities have been instituted in different parts of the Province, and the result has been that the Provincial receipts from licenses had been reduced at a corresponding ratio, until, as before stated, they had fallen to \$17,770 in 1884.

In 1885, there was an increase of about twenty-five per cent., \$22,215, being received for licenses, showing that our population has increased at least one quarter, and that business in the outlying districts is again looking up.

I shall now call your attention to the receipts under the head of marriage licenses, which, although, at no time amounting to any considerable sum, involve a most important feature in connection with the history and general progress of the country, and are therefore deserving of some little consideration. In 1871 \$947.50 was received under the head of Marriage Licenses. This was the first year of Confederation, or rather I should say, the first half year of Confederation. Miss Columbia had accepted the proffered hand of the Dominion, and the union thus happily formed, and which bid fair to dispel the dark clouds of adversity

that had been so long pending, seemed to open afresh the channels to the heart, and afford to congenial spirits a clear and easy passage to the sea of matrimony. The union of the Province with the Dominion, however, did not at first turn out as happily as desired. It was one of those marry-in-haste and repent-at-leisure sort of unions, the bride and bridegroom were not as well acquainted with one another as they should have been. The one had grown to womanhood in a free-and-easy sort of way, possessing a nature and disposition which spring from an association with ocean, river, glen, and mountain peak. The other to manhood amidst trials and difficulties of no ordinary character, and which tend to make a people cautious. The one demanding a full and complete recognition of the marriage contract, so to speak, the other recognizing indispensable essentials only. This incompatibility of sentiment between the Province and the Dominion gave rise to serious domestic inharmony for the time being which bid fair to dissolve the union, and our young people, participating in the general discordant feelings which pervaded the public mind, the matrimonial market became dull in the extreme, and in 1873 only the small sum of \$135,00 was received for marriage licenses.

I have always held that nearly all the difficulties of life originate through the want of a proper understanding, and this it was that caused so much trouble between the Province and the Dominion. It was only in 1884, when both had become better acquainted with one another and had begun to understand and respect each other's feelings and capabilities that a compromise was effected and peace, harmony and fraternal feeling again restored.

Here again it would appear as though cupid had been watching the course of events. Our young people anticipating the good times coming again became harmonious, the matrimonial market, like the general business of the country began to boom, and in 1884 the receipt of \$1,175 for marriage licenses gave further evidence of the increased prosperity of the country, and a determination on the part of the sexes to obey the divine command, to love one another, unite, multiply and replenish the earth.

In 1878 the receipts from Real Property tax was upwards of twenty-five thousand dollars, but in that year an Act was passed exempting all lands in Municipalities from the operation of this tax from and after the 1st of January, 1879.

This had the effect of reducing the revenue under this head to about eleven thousand dollars in the following year, and from that time up to 1883 it remained nearly stationary. In 1883-4 it rose to something more than fifteen thousand dollars, and for the fiscal year ended on the 30th of June, 1885, it amounted to \$17,833.19 fully corroborating the position that I have been compelled to assume, namely, that the prosperity of the Province received a substantial impetus simultaneously with the acceptance of office by the present Government.

The receipts from Road Tolls is the next item of our revenue that has undergone material changes. These in 1871 amounted to \$23,622.92, but in 1872 an Act was passed to abolish the road tolls and permitting passengers and merchandise to pass over the roads of the Province free of charge, and the result was that not a single dollar was collected from this quarter for a period of three years, nearly four years thereafter.

In 1876, the Government then in power came to the conclusion that the abrogation of the Road Tolls at that particular time was a premature act on the part of their predecessors and an Act was passed reinstating them, not their predecessors, but the road tolls. From this time forward the receipts from road tolls amounted to about \$28,000 annually until 1881-2, when in consequence of the prosecution of the work on the Canadian Pacific Railway the trade of the Province received an additional stimulus and the receipts from road tolls rose to \$42,000. About this time a portion of the railway leading from Yale towards the interior having been completed, was thrown open for traffic, and notwithstanding an Act was passed in 1884 providing for the collection of the tolls at Yale instead of at Alexandria Bridge, the receipts gradually fell off, as the goods forwarded by rail were of course not subject to this charge. In 1885 an Act was passed to abolish the road tolls between Yale and Clinton for two reasons. First, because the great bulk of the goods for the interior passed over the railway, and it was generally thought the tolls on this part of the road would not amount to much more than would be required to pay the cost of collections. The effect was, however, to reduce the receipts under this head from \$29,000 in 1884 to \$22,000 in 1885. Again, our friends in Cariboo, and those in some other parts of the mainland have always felt the imposition of tolls on the Trunk Road,

while all, or nearly all, the roads in the other parts of the Province were entirely free, to be a sort of one-sided affair, a distinction having no status from the standpoint of justice, and one calculated to work exceptionally prejudicially to their interests. No doubt a great deal may be said in support of the position assumed by them. Indeed, it would be difficult to assign a reason beyond that of expediency, other things being equal, why persons living and doing business in one part of the country should be required to pay for the use of the roads while those in other parts pay nothing, especially as the roads in all parts of the Province, outside of municipalities, are constructed and maintained at the cost of the consolidated revenue, and as all classes in all parts of the country derive an equal benefit from our Provincial roads. Good roads in the outlying districts are an encouragement to settlers to take up and cultivate the agricultural lands. They are, also, an indispensable necessity in the development of a new country, as affording easy access to the large centers of population where the best markets are found for the disposition of the products of the soil. The miner is enabled to branch out into the various remote and unexplored regions of the country in quest of new fields in which to prosecute his researches for the precious metals. These, in return, contribute to the general growth and prosperity of the country, and while the farmer, the miner and trader in the interior of the Province are facilitated in their efforts to acquire wealth and happiness through the instrumentality of good roads, the manufacturer, the merchant, the trader and the banker, are equally benefitted by the development of new industries and the increase of business consequent thereupon. The main trunk road and trails in the upper country contribute to the trade of Victoria, New Westminster and Nanaimo and are therefore as much benefit to these places as they are to Cariboo, Cassiar and the intervening sections of country along their lines. It is true the trunk road cost nearly two millions of dollars in its construction and, until recently, has required nearly \$40,000 a year to keep it in an effective state of repair. Now it may be said if this heavy outlay in construction had not been made, the Province would have entered confederation free from debt and that we would be receiving fully \$50,000 a year more by the way of additional subsidy, that is now lost to the Province through the payment of interest on our public debt. Well, this may be so, but we must also bear in mind that the completion of the Canadian Pacific Railway has done away with the necessity of so much

expenditure for repairs in the future and reduced the road tolls to about \$8,000 a year. Besides, it is just possible that there would have been no Province had there been no trunk road. And further, I cannot help thinking that this road, as well as all others, is of equal benefit to all classes and all parts of the country and that the expenses connected with it should be borne fairly and equitably by all. Now it may be said that a reduction of taxation in one direction, and when a reduction of the revenue is barely admissible, simply means increased taxation elsewhere, and while admitting that the revenue has increased fully fifty per cent. during the past four years, the requirements of the Province have more than kept pace with the increase and, hence, that it would be impolitic to abolish the road tolls at the present time. Well, all that I have got to say is, the imposition of a one-sided tax like the present road tolls is simply a gross injustice. The Government do not intend to increase taxation elsewhere but taking into consideration the reasons before stated, together with the urgent request, I may say almost irresistible request of their supporters on the mainland, and especially the first and second members for Cariboo, the Government intend to abolish the road tolls altogether. This intention on the part of the Government was clearly foreshadowed by the Honorable my predecessor at the last meeting of Parliament and with the consent of the House it will be carried into effect during the present session.

The average receipts from Personal Property Tax, for the six and a half years from the date of its inception to the 30th of June, 1882, were twelve thousand seven hundred and thirty-four dollars and seventy six cents. And during the past three years, fifteen thousand two hundred dollars and thirty-four cents, showing an increase of two thousand five hundred dollars per year under the present administration, so that, turn which way we will, we see only indication of thrift and general advancement.

The Registry Fees have more than doubled since 1882, showing to what extent the government have been successful in their efforts to encourage and promote settlement.

The Provincial Revenue Tax is the next and last item to which I shall refer as forming part of our revenue and then pass on to a consideration of the other side of the question, namely: the expenditure in connection with the adminis-

tration of public affairs. As you are aware, the Provincial Revenue Tax was first collected in 1876. The receipts during that year amounted to sixteen thousand one hundred and eighty-two dollars and seventeen cents. And there was a gradual increase from this source up to 1882, when they amounted to twenty-eight thousand nine hundred and twenty dollars. In 1883, at which time the present government accepted office, they were found to be forty-seven thousand six hundred and thirteen dollars. And for the fiscal year ended on the 30th June, 1885, they had reached the snug sum of sixty-four thousand and twenty-nine dollars.

You are, of course, aware that the revenue under this head is derived from a per-capita tax of three dollars, and, hence, the amount received from this source in 1885, would indicate a population of twenty-one thousand male adults as against five thousand in 1876.

It is true that a considerable amount of this money was paid by Chinamen who were employed upon the Dominion Public Works, but this fact would not fully account for the difference, and, hence the true inference is, that this increase in our revenue is but a natural outcome of the general growth and prosperity of the Province, and closely in keeping with recent progressive legislation.

The annual expenditures of the Province for ordinary services during the fourteen years of Confederation have been as follows:—

| | |
|---|-----------------------|
| Six months ended 31st Dec., 1871..... | \$ 93,052.54 |
| For the year ended 31st Dec., 1872..... | 416,874.28 |
| For the year ended 31st Dec., 1873..... | 366,882.50 |
| For the year ended 31st Dec., 1874..... | 581,340.92 |
| For the year ended 31st Dec., 1875..... | 605,761.39 |
| For the year ended 31st Dec., 1876..... | 604,574.70 |
| For the year ended 31st Dec., 1877..... | 544,529.90 |
| For the year ended 31st Dec., 1878..... | 359,472.30 |
| For six months ended 30th June, 1879..... | 123,894.95 |
| For the year ended 30th June, 1880..... | 347,552.78 |
| For the year ended 30th June, 1881..... | 311,517.04 |
| For the year ended 30th June, 1882..... | 322,877.14 |
| For the year ended 30th June, 1883..... | 391,279.70 |
| For the year ended 30th June, 1884..... | 506,626.96 |
| For the year ended 30th June, 1885..... | 589,588.91 |
| Total..... | \$6,165,826.01 |

In addition to this the following sums have been paid.
First, on account of the Public Debt.

| | |
|---|--------------|
| Interest amounting to..... | \$434,043.46 |
| Sinking Fund accumulating..... | 120,770.36 |
| Interest invested on account of Sinking Fund..... | 19,176.37 |
| Premiums and Exchange..... | 3,003.41 |
| Discounts and Commissions..... | 45,063.00 |
| Redemption of Debentures..... | 428,500.00 |

The whole amounting to \$1,050,556.60, and showing that while a public debt may sometimes be an indispensable necessity, it is at all times an expensive luxury. If from this amount we deduct the Sinking Fund, the interest accruing thereon and the value of debentures redeemed, \$568,447.73, it will be easily seen that the sum of \$482,109.87, has been lost to the Province through the payment of interest, premiums, exchange, discounts and commissions on our public debt, the most of which has gone forever from the Province to enrich the mother country.

| | |
|--|-----------|
| The Kootenay royal commission cost the Province..... | \$ 984.47 |
| Texada royal commission..... | 1,645.18 |
| Indian commission..... | 16,235.02 |

which, by the way, I think should have been paid by the Dominion Government, as by the Terms of Union Canada became liable for the expenditure connected with this branch of the Public service:

| | |
|------------------------------|------------|
| Allowances..... | \$3,491.82 |
| Office contingencies..... | 2,938.50 |
| Pensions and Gratuities..... | 928.65 |

Deposits have been repaid in all amounting to \$41,017.97; and on account of Dock construction \$396,287.65; the whole amounting to \$463,529.26, and making the total expenditure of the Province for all services during the fourteen years of confederation to July 1st, 1885, \$7,679,911.87. I have before said that the total receipts of the Province during the same period were \$7,769,675.33 being \$89,763.46 in excess of the expenditure, which balance will have to be accounted for by the Department of the Treasury.

Now if you will turn to the Balance Sheet of the Province as published on the 120th page of the Public Accounts that were placed in your hands in the early part of the present session, you will find the following sums brought

to account and to the credit of the Government on the 30 h June, 1885.

| | |
|--|--------------|
| Dominion Government Savings Bank..... | \$ 418.95 |
| Cache Creek Boarding School..... | 1,968.13 |
| Dominion Government..... | 44 78 |
| Corporation of Victoria..... | 516.21 |
| Government of Washington Territory..... | 1,128 62 |
| Bank of B. C. account current..... | 28,141.57 |
| “ “ special deposit..... | 50,000.00 |
| Balance in hands of agents, London..... | 553.16 |
| Cash Balance at Treasury and in hands of agents..... | 18,735.20 |
| Total..... | \$101,509.92 |

If we deduct from this the balance of the receipts in excess of the expenditure as before stated \$89,763.46, there will be an apparent overplus to the credit of the government of \$11,746.46. This may appear a little strange to the austere financiers of the Opposition, but the apparent anomaly is very easily explained. By the Terms of Union it was agreed that all stocks, cash, bankers' balances, and security for money belonging to the Province at the time of the Union should become the property of Canada, and that Canada should become liable for the debts and liabilities of the Province. On the 19th of July, 1871, there was a cash balance at the bank and in the hands of the various Crown Agents of the Province amounting to \$15,387.49. There was, also, a number of outstanding accounts against the Province, the amount of which could not be correctly ascertained at that time. By mutual understanding between the Dominion and Provincial Governments, it was agreed that the Province should retain the aforesaid balance, settle the outstanding accounts and turn over the remaining balance, if any, to the Dominion Government. In accordance with this understanding the Province continued to pay the accounts from time to time as they were presented, and the amounts so paid were brought to account with the general expenditure of the Province, and are included in the sum of the expenditure as before stated. On the 23rd of October, 1873, after the liabilities referred to had been paid, there was a balance of \$3,641.03 remaining to the credit of the Dominion Government, showing the sum of \$11,746.46 to have been paid. These payments were made in the interest of the Dominion, and form no part of the Provincial expenditure, and should not have been brought to account therewith. If, then, we deduct this sum from the total expenditure, as it appears in the Comparative Statement, or from the funds on hand at the Treasury at the

close of the last fiscal year, or add it to the receipts, as shown in the Comparative Statement, (for it must be recollected that while the payments referred to were included in the statement of Provincial expenditures, the amount retained by the Province to meet such payments, does not appear in the Comparative Statement of Receipts), the Opposition can take their choice in this matter, but in either case it will balance the debit and credit accounts of the Province to the last fraction of a cent.

It is an old saying that a chain is no stronger than its weakest link, which is true. And, by a parody of reasoning, it necessarily follows that when the chain is itself perfect, each individual link must be equally so. Now Sir, I have shown that the financial chain of the Province, stretching from the date of Confederation to the 30th June, 1885, is perfect in every part. But, as statements have been made by the Opposition and their organs, leading the public to suppose there is a shortage in the last years' accounts to the amount of \$53,000, or in other words, that the Treasury has been robbed to that amount, because this is the impression that has gone abroad, I shall take the liberty of looking a little more closely into this part of the question, and in doing so honorable members are respectfully invited to accompany me and bear witness to the facts. As I have had more to do with the finances during the period referred to, than any other, I very naturally feel a greater interest in knowing that instead of there being a shortage to the amount of \$53,000, there is not so much as the fifty-three thousandth part of a cent short. If honorable gentlemen will turn to the balance sheet for the year ended June 30th, 1884, they will find the following sums brought to account at the Treasury to the credit of the Government :

| | |
|--|--------------|
| Dominion Government Savings Bank..... | \$ 418.95 |
| Cache Creek Boarding School..... | 1,968.15 |
| Bank of B. C. account current..... | 22,634.60 |
| Dominion Government..... | 44.78 |
| Corporation City of Victoria..... | 854.60 |
| Government Washington Territory..... | 1,128.62 |
| Bank of B. C. special deposit..... | 100,000.00 |
| “ “ London..... | 553.16 |
| Cash Balance at Treasury and in hands of Agents..... | 24,620.71 |
| Total..... | \$152,223.55 |

Add to this the receipts from July 1st, 1884, to June 30th, 1885, as shown by the comparative statement, \$602,797.49;

also, receipts from sale of island lands (sold in trust), \$2,-419.09, and from British Columbia Loan Trustees \$94.94, and it will be easily seen that the total amount available for the year's services was \$757,535.07.

Now turn to the Balance Sheet for the year ended June 30th, 1885, and you will find the following sums brought to account to the credit of the Government at the Treasury:

| | |
|--|--------------|
| Dominion Government Savings Bank..... | \$ 418.95 |
| Cache Creek Boarding School..... | 1,968.13 |
| Bank of B. C. account current..... | 28,144.87 |
| Dominion Government..... | 44.78 |
| Corporation City of Victoria..... | 516.21 |
| Government of Washington Territory..... | 1,128.62 |
| Bank of B. C. special deposit..... | 50,000.00 |
| “ “ London..... | 553.16 |
| Cash Balance at Treasury and in hands of Agents..... | 18,735.20 |
| Total..... | \$101,509.92 |

The total expenditure of the Province as shown by the comparative statement for the year ended June 30th, 1885, was \$656,025.15 which, if added to the credits before referred to, will amount to \$757,535.07, and shows a complete and perfect balance of the year's transactions. But lest this system of dealing with the Public Accounts may be of too intricate a character and cannot be comprehended by the astute financiers of the Opposition, I will, in order to simplify and bring it more directly within the reach of their understanding, present the question from another standpoint. It will be seen by reference to the Balance Sheet for the year ended June 30th, 1884, that there was an asset over liabilities of \$1,996.95, or, in other words, after paying all liabilities to the 30th June, 1884, the sum of \$1,996.95 was available for the year's services beginning on the 1st of July, 1884, and ending on the 30th June, 1885. The total receipts from July 1st, 1884, to June 30th, 1885, as shown by the Treasurer's account, including \$94.94, received on account of the British Columbia Loan Trustees, were \$600,-493.55, making the total amount available for the year's services after squaring the accounts to the 30th June, 1884, as before stated, and beginning the fiscal year 1885 with a clean sheet, \$602,490.50. It will be found by reference to the Treasurer's account that the total expenditure from July 1st, 1884, to June 30th, 1885, was \$655,437.86, being an expenditure in excess of the amount available of \$52,-947.86. This would have been a deficit, in fact, if our assets had not been accumulating in the meantime. But the fact

is our accumulated assets during the year were, first, on account of the re-adjustment of the debt, \$83,107.88. This may be regarded as an independent asset, seeing that it has no connection with and was not derived from the ordinary revenue; second, on account of the Sinking Fund, \$19,336.83, and third, cash on hand belonging to the British Columbia Loan Trustee account, \$94.94, making the total assets accumulated during the year \$102,711.12. Had the receipts and expenditure been equal, there would have been an asset over liabilities at the close of the year of \$104,698.07. But the expenditure exceeded the receipts \$54,944.31, and reduced our assets over liabilities from \$104,698.07, as before stated, to \$49,763.76, as appears in the Balance Sheet for the year ended June 30th, 1885. Trusting this explanation may be satisfactory to the public and that honorable gentlemen opposite will be able to understand it, I pass on to a further consideration of the question.

The items under the head of Pensions and Gratuities have disappeared from the Public Accounts since 1873. The cost of the Civil Government, including that of the Administration of Justice (salaries), has undergone many changes since Confederation. In 1872, this service cost the Government \$101,935.85, and was the largest amount paid for salaries in any one year except in 1855. In 1873, the sum of \$77,281.99 was paid for salaries, and was the smallest amount paid in any one year. In 1884, the sum of \$96,240.73 was paid, and the cost of this service during intervening years has ranged between these figures, so that, upon the whole, there has been no very material increase until 1885, when it amounted to \$114,739.94.

So far as the expenditure under the head of Public Institutions is concerned, although it has never been the same for any two years, the difference has not been of sufficient importance to demand a serious consideration. It is probable, however, that the large increase to our population, which it is only natural to expect in the future, will necessitate additional expenditure in providing the necessary accommodation to those of our population who are mentally afflicted, and whose misfortunes entitle them to every care and consideration which the capabilities of the Province can afford. The asylum for the insane must be maintained at all hazards, and much as we may regret the necessity for such an institution in our country, it is our duty to contribute to its support liberally and cheerfully, and be ever ready to render

to our distressed fellow-beings that assistance which their misfortunes demand and into which they may have fallen through no fault of their own.

In the cost of Administration of Justice (other than salaries) no material increase appears to have taken place until 1884, when it reached \$48,562.12 being \$17,515.97 of an increase as compared to the cost for 1883. In 1885 it was not quite so much, being about \$46,000.

If we take the cost of this service, together with that of the Civil Government, including salaries for the year 1884-5 as compared with the cost of these services for 1882-3, we find there has been an increase of \$39,129.35.

Of course, this is very easily accounted for. The large increase to our population, as a result of progressive legislation, through which extensive public works have been instituted and the development of the country amplified and made permanent, has, as might be expected, compelled the Government to enlarge the machinery necessary for the preservation of peace and order. Nor is this all:

Prior to 1873, Jurors were compelled to serve on criminal cases, and I believe on all others (except special jury cases) without any remuneration whatever. But in that year, an Act was passed authorizing the payment of \$1 50 to every person actually serving upon any jury upon the trial of any criminal cause in any Court of Assize, Oyer and Terminer and General Gaol Delivery.

This, of course, did not amount to much, and it was generally thought to be unfair to those, who, although summoned, were not called upon to serve. Besides, the system then in vogue was a sort of one-sided institution which bore heavily and unequally on a certain number whose services for the sake of convenience, or for the want of a more suitable Act, were brought into successive requisition, while others escaped from jury duty altogether.

In 1883, however, the present Government, recognizing this unsatisfactory state of affairs, and the unequal operation of the Act, and being desirous, so far as possible, to mete out equal justice to all classes and parts of the community, introduced and passed an Act, entitling every petit juror residing west of the Cascade Range of Montains, and actu-

ally attending any Court of Assize, to receive the sum of \$1.50 for each day he attends such Court, and east of the Cascades, \$2.00 for each day's attendance.

This Act received the assent of His Honor the Lieutenant-Governor, on the 12th day of May, six weeks before the close of the fiscal year 1883. What effect this may have had on the expenditure in connection with the administration of justice for that year, I do not know, as I have not looked closely into that part of the question, but doubtless it had some, for the cost of this service which in 1882 was \$21,000, was in 1883 \$31,000. Of course it had been most gratifying to the Government had they been able to report no additional increase under this head, but that would be impossible in the present state of society; and contrary to the natural course of events. An increase of population unfortunately carries with it an increase of crime, and always will until mankind shall learn to avoid the approach of evil as they would the approach of an avalanche or a tornado, knowing that the first crime committed, no matter how small it may be, is but a step in the path which ends in degradation and death.

An increase of crime demands renewed vigilance, renewed vigilance involves additional expenditure, and as the world is at present constituted, additional expenditure in the preservation of peace and order, indicates expansion and physical growth, and much as we may regret the weaknesses and misfortunes of our fellowmen, (because crime is the natural product of mental weakness, and a terrible misfortune) it is a consolation to feel that they do not come unattended with the moral virtues which we know predominate in the human mind, and that they bear only a small proportion in comparison to the benefits which spring from business activity and general advancement.

Even this additional cost, then, in the administration of justice, is simply another link in the chain, indicating further development. An index, so to speak, pointing to a new growth, and representing an important epoch in the history of our country.

We come now to the question of education, which, being one of the most important questions in connection with the administration of public affairs, and one that involves an expenditure at the present time of something like \$100,000 a

year, is worthy of something more than a passing consideration. In the year 1871, \$15,000 were placed upon the estimates of the province for educational purposes, while not more than \$10,000 were expended. Since then the cost of education has been increasing from year to year, until, as before stated, it has now reached the enormous sum of \$100,000, with every probability of a continual increase. But that we may review this question from a comparative standpoint, and arrive at something like an approximate comparative idea of what the government really is doing in the matter of education. I shall take the liberty of drawing a comparison while referring briefly to the educational system of Ontario, and the means adopted by that Province to meet the necessary expenses connected therewith.

It is said comparisons are odious, but whether they are or not, depends altogether on the object to be attained, and after all, it is only by comparison that we are enabled to observe the distinctions between one thing and another; or, indeed, to ascertain the various modifications to which all things are in themselves subject, for instance: An object may appear black, until brought into contradistinction with some other object of a still darker hue. And so it is with all things; but to proceed:

We find by reference to statistics for the year 1883, as published by the Educational Department of Ontario, which is the last report that I have seen, that there are 5,252 Free Public Schools; 194 Roman Catholic, separate schools; 106 High Schools and Collegiate Institutes; 53 Model; and 2 Normal Schools for the training of teachers. One School of Practical Science; and Upper Canada College; one University College; and one University.

These constitute the educational facilities of the great Province of Ontario, and I must say they speak well for the genius and liberality of her people. Well may that Province be proud of its liberal educational system, and rejoice to know that it is pointed to by other and older countries as a model for imitation. But without wishing for a single moment to detract from her well earned reputation in providing so liberally for the education of her sons and daughters, without wishing to deprive her of the slightest credit that may be due to her in this respects, I still claim that the government of British Columbia taking circumstances into consideration, have exhibited a greater amount

of liberality, and accomplished fully as much, if not a great deal more, than that of our sister Province.

The total amount expended by government in the Province of Ontario for education during the year 1883, was \$518,347.65, and taking the population of that Province at 1,923,228, the cost per head to that government would not amount to more than 27 cents, which is a very small sum indeed as compared to the cost per head of the population to the government of this Province, as will be seen by the following statement:

The sum of \$100,000 was placed upon the estimates for school purposes for the fiscal year ending on the 30th June, 1886, and the probability is that the expenditure will exceed the appropriation, and taking our population at 50,000, which I think is a fair and reasonable figure, it will be seen that education in British Columbia costs the government \$2 per head for every man, woman and child in the Province, as against 27 cents per head in Ontario, or nearly eight times as much.

Again, there are 5,614 schools, including High schools, Colleges, Universities, etc., in the Province of Ontario. The Provincial appropriation in aid of these schools in 1883 was \$518,347.65, as before stated, so that the cost per school to that Government did not exceed the sum of \$91.41, a very trifling matter so far as the Government of the Province is concerned. In British Columbia the expenditure for educational purposes during the year 1883-1884 was \$68,953.57, the number of Public schools, 57, being a cost to the Government of \$1,209.71 for each and every public school of the Province, or a little more than thirteen times as much as that paid by Ontario.

There were employed under the school system of Ontario 7,655 teachers during the year 1883, at an average cost of \$67.00 each to that Government, while the Government of British Columbia paid to the 75 teachers employed in the public schools of this Province the average sum of \$906.00 each, or 13 times as much as that paid by the Government of the former Province.

The total number of children attending school in Ontario was 464,869, at an annual cost to the Government of one dollar and ten cents for each pupil, while the Government

of British Columbia paid not less than \$20.14 for each pupil in aggregate enrollment or eighteen times as much as that paid by the Government of Ontario.

The daily average attendance of pupils at the Ontario schools was 215,561 at an average cost of \$2.88 each to that Government, while the cost per pupil for those in daily average attendance in British Columbia was \$38.14 or about sixteen times as much as that paid by the Government of Ontario.

If, then, we strike a general average it will at once be seen that the Government of British Columbia contributes in the matter of education fully thirteen times the amount of that contributed by the Government of Ontario.

Now it may be argued from this statement that while the Government of British Columbia expends far more money proportionately in education than the Government of Ontario, our facilities are greatly inferior, and hence that our system of education dwindles to insignificance in comparison with that of Ontario.

It is quite true that so far as the facilities to obtain a first class education are concerned, the Province of Ontario has few equals, but when we take into consideration the vast area of British Columbia and the scattered state of its population, together with the increased cost of everything on the Pacific coast as compared with the area of Ontario, the well settled state of that country, and the nominal cost of living in the east, it will be apparent to all that our system of education can lose nothing in comparison when placed side by side with that of Ontario. And further, if we take into consideration the fact that but a few years ago education was only partially free in Ontario, that they have been gradually drifting nearer and nearer to our system until now there are but thirty-seven high schools in which fees are exacted while all the rest constituting the common school system of education are wholly free, I think we may fairly conclude that free common schools supported entirely by Government are best calculated to meet the educational requirements of the Province.

The difference between the two systems of education is this: In this Province, as you are aware, our common and high schools are supported entirely by monies appropriated

by Government, while in Ontario their common and high schools are supported as follows—1, by Legislative grant; 2, by Municipal School grants and assessments; and 3, from the Clergy Reserve Fund. Fees are charged in 37 high schools, as before stated, while the 194 separate schools derive some support from voluntary contributions. The total amount received and expended from these several sources for the year 1883, was \$3,457,376.45 or \$570,000 more than the total expenditure by the Provincial Government for all the public services of that Province.

I have said that education in this Province costs the Government about eight times as much per head of our population as its cost per head of the population to the Government of Ontario. But while this is true we must not forget that the total cost of education per head to the population of Ontario is but a trifle less than that of B. C., viz., about eighteen cents. Their common and high schools, except the 37 high schools before mentioned, are entirely free, and are all supported by different systems of taxation with the exception of what little assistance is obtained from the Clergy Reserve Fund and voluntary contributions, which is a very small amount indeed as compared with the total cost, so that as far as the different methods adopted to provide the necessary ways and means in support of the different systems of education are concerned, it is a matter of little importance, so long as the public have to foot the bills, which is virtually the case in both countries. For my own part, I am inclined to think our own system the best as being less complicated, less expensive, and equally as effectual. I refer, of course, to the common schools of both countries. It is true that in Ontario they have their Colleges and Universities and their Normal and Model schools for the training of teachers, and in this respect they are far in advance of us, but these are supported by fees and endowments, subsidized to some extent by Legislative and Municipal grants. It may be some time before British Columbia will have a sufficient number of pupils far enough advanced for Matriculation to the University and who may desire to enter upon a University course of study, to justify the inauguration of such an institution in this country, but when that time arrives, be it sooner or later, I have no doubt the Government will assist the enterprise to the utmost of their ability.

There is one thing more to which I wish to call your attention before taking leave of this important question. I refer to the education of our Indian population.

In Ontario the education of the aborigines is not wholly disregarded, although the system in vogue in that Province reflects no credit on the Indian Department at Ottawa, and if it were not for the efforts of the various religious denominations and the self-sacrificing devotion of a few humane individuals, the education of the Indian, even in the great Province of Ontario, would be a very insignificant matter indeed. As it is their schools are in a very low state, scarcely deserving the name of schools. Very little interest appears to be taken in this matter by the Dominion Government, who, beyond the furnishing of a few text books and apparatus, and an occasional appropriation to some favored locality, have done little or nothing. No thought appears to have been given to the selection of properly qualified teachers and the result is that in many cases the teachers themselves are found to be as ignorant as the Indians whom they profess to teach. I fear that Indian education in British Columbia is in much the same condition, at least so far as the efforts of the Dominion Government are concerned. For, notwithstanding the deep interest which we are told Sir John has always taken in their welfare, I have yet to learn of anything much being done at Ottawa towards assisting in the education of the Indians of British Columbia.

This should not be. Surely the Indians are entitled to a reasonable consideration at the hands of the general Government. By the Terms of Union Canada assumed the management and charge of the Indians, and if this means anything at all, it certainly means a reasonable and equitable charge and management. The Indians of British Columbia are an intelligent and industrious class of people, capable of being educated up to a respectable standard of civilization, at least, not to say refinement, and, hence, policy, if not humanity and even-handed justice, should prompt the Dominion Government to see that they are provided with the necessary ways and means of obtaining a moral, intellectual and industrial education.

S. C. Armstrong, Principal of the Hampton Normal Agricultural Institute of Virginia, in speaking of the North American Indians, says: "Whatever their failures, they are found to be not from innate causes but from surrounding influences. So hopelessly seems the latter against them that many despair of success; but is it not a little gain to feel that the red race is capable in itself, both mentally,

morally, and physically, of the duties of citizenship, and not whether it can be done, nor yet how to do it, but that getting the men and the means of doing it is the question?" This appears to be in accordance with the general reports of the different Principals and Superintendents of the various Indian schools in Washington and Oregon, and indeed wherever heard from. Everyone who has read the report of the Metlakahla Commission of Inquiry, or who is at all familiar with the late Indian outbreak in the North-west Territory must know that it is not only easier, cheaper and better, but far more humane to preserve peace and order among the Indians through a well devised system of education, combined with firmness, justice and fair play than it is by brute force. In fact the whole history of America goes to show that wherever the Indians have been fairly dealt by they have almost invariably proved peaceable, friendly and useful. Besides we ought not to forget that the Indians were the original proprietors of the soil, and while in some instances they have voluntarily sold to their successors, the white race, there are thousands of instances in which they never received a single dollar for their claim, and not one in which they received a fair and reasonable compensation. Indeed it has frequently happened that their lands have been forcibly wrested from them, although I am glad to say such has not been the case in this country, and in return they have been promised certain minor considerations which too frequently have been disregarded. Canada promised to take charge of the Indians, and one of the most important duties in connection with this charge, is, to see that they are provided with the necessary ways and means of obtaining a moral and industrial education, and my object in referring to this question now, is a hope that it may be brought to the attention of the Dominion Government, that it may not longer be neglected, and that a modicum of justice, at least, may at last be meted out to the Indian population of this country.

There is just one thing more in connection with past expenditures to which I wish to call your attention, before passing on to a consideration of the estimated expenditure for the year 1885, as compared with the actual expenditure, and to the estimated revenue as compared with the actual receipts; as, also, to the actual expenditure as compared with the actual receipts during that time.

I allude to the expenditure under the head of 'Public

Works," and although the expenditure under this head during the last three years shews a respectable increase in itself, when taken in connection with the increased expenditure on account of other public services, such as the administration of justice, public schools and miscellaneous expenditure generally, will appear of much greater importance.

The total expenditure on public works, including surveys, dock construction, etc., during the 14 years of Confederation, was \$3,075,300.48, being an average annual expenditure of \$219,664 32. But if we debit to this branch of the public service the net proceeds from the sale of debentures and the receipts from other unusual sources, \$950,967.36, we find the average annual expenditure from ordinary revenue to have been \$151,730.93.

Now, if we take the cost of this service during the three years of the present administration, viz.—\$748,100.56, including the expenditure on account of dock, and deduct from this sum the amount refunded by the Dominion Government, in exchange for the dock, \$384,512.66, together with the interest received from the investments of Sinking Fund, etc, thirty thousand odd dollars and credit, the Administration with the cost of the public debt during the meantime, we find the average annual expenditure from ordinary revenue to have been \$184,054.83 or \$32,323.90 per year in favor of the present Administration, which I think is a very creditable shewing for the Government.

But if we take the expenditure on Public Works during the eleven years preceding the present administration, which is, perhaps, the proper and most satisfactory way of dealing with the question, and the only one, in fact, that will give a correct exhibit of the expenditure on public works by the present government, as compared with that by all former governments, we find the result still more favorable.

The total expenditure on Public Works during the time mentioned was \$2,327,199.92. Now, if we deduct from this amount the net receipts from extraordinary revenue, or what perhaps might be designated capital, viz: \$755,131.81, we find the average annual expenditure from ordinary revenue to have been \$142,915.33 or \$41,139.50 per year less than the expenditure on these works of public utility by the present government.

The estimated expenditure for all services for the year ended June 30th, 1885, was \$683,291.21. The actual expenditure \$656,025.15, being about \$27,000 less than the amount estimated. Of course, there have always been, and always will be, certain unforeseen circumstances and developments in the future that cannot be accurately provided for in advance, and, hence there will always be more or less discrepancies between the estimated and the actual expenditures, as also between the estimated and the actual receipts. My predecessor was, therefore, close enough in his estimates for all practical purposes, and the result shows that a due regard for economy consistent with the best interests of the public welfare, has been the constant aim of the present government.

The estimated revenue for 1885, was \$620,895.66. The actual revenue was \$602,797.49 being \$17,598.17 less than the amount estimated, so that the difference between the estimated revenue and the actual receipts will bear a like proportion to the latter, that the difference between the estimated expenditure and the actual expenditure does to the former, and showing that a harmonious uniformity of action in dealing with every branch of the public service, conserving the public welfare, elevating and strengthening the whole structure of our united interests, thereby minimizing and equalizing tension in every part, has been a distinguishing feature of the present regime.

It will be seen by the estimate of revenue and receipts for 1885, under the head, "Dominion of Canada—Annual Payment of Interest at 5 per Cent.," that the amount estimated was \$24,995.66, whereas the actual amount received was \$29,151.06, or \$4,155.40 more than was estimated. Now the question may be asked, why was this increase omitted from the estimates? and if so, the answer is plain and simple. In fact, the circumstance has already been partly accounted for. I explained to you that in 1874 an Act was passed by the Dominion Parliament, antedating, so to speak, at least so far as this Province is concerned, the operation of the Act of 1873 to July 1st 1871. The Act of 1873, you will recollect, increased our allowed debt \$280,084, but interest on this amount was only allowed from July the 1st in that year. The Act of 1884, provided that it should be allowed from July 1st, 1871, and the interest on the difference between what we received in 1873 and what we would have received in the meantime if the increase had been allowed

from the date of Union, or in other words, the interest on \$280,084, for two years, compounded from July the 1st, 1873, to July the 1st, 1884, raised our capital as formerly stated, \$33,107.88, and the discrepancy noticed between the estimated and actual receipts under this head for 1885, is simply the interest on this additional increase to our allowed debt.

This, you may say, is a very good explanation of the origin of this additional increase, but why was it not placed upon the estimates. Well, the answer to that question is still more easily given. You will recollect that our Provincial Legislature was prorogued on the 18th of February, 1884. Now, the Dominion Act of Parliament, which gave birth to the amount in question, was introduced by Sir Leonard Tilley on the 11th of March following, and hence, this second addition to the subsidy had no existence in fact, and was, perhaps, not even contemplated by the Hon. my predecessor, at the time the estimates were prepared, which must have been, at least, two months before the bill finally passed the Dominion House of Commons, and, therefore, could not have been taken into consideration, for the simple reason that it had no existence at the time.

Now, Mr. Speaker, so much has been said about the deplorable state of the finances, and so much misrepresentation resorted to, I propose, before passing on to a consideration of the accounts for the half year ended Dec. 31st, 1885, to show by incontrovertible evidence that the Province was some hundreds of thousands dollars better off at the close of the fiscal year 1884-5, than it was on the 30th June, 1880, 1881, 1882, under the former administration. The following statement taken from the Official Accounts, will give you a correct idea of the relative position of the finances during the times referred to:—

| | Liabilities over as-ets. | |
|-----------------------|-----------------------------|-----------------------------|
| June 30th, 1880,..... | \$232,032.37. | |
| June 30th, 1881,..... | 196,939.65. | |
| June 30th, 1882,..... | 181,006.58. | |
| June 30th, 1883,..... | 328,605.98. | Assets over liabilities. |
| June 30th, 1884,..... | | \$1,996.95. |
| June 30th, 1885,..... | | 49,763.76. |

The following statement will demonstrate the problem and show exactly how the Province stood financially on the 30th June, 1885, as compared with its position at various

times under the control of our friends opposite, who, with their organs, have been trying to gull the public into the belief that financial ruin is now staring us in the face, and that the Government ought to resign the reins of office into their hands.

| Liability over assets. | Assets over liability June 30th, 1885. | Showing increased assets on June, 30th, 1885, as compared with years |
|----------------------------------|---|--|
| June 30th, 1880.... \$233,032.37 | \$49,763.76 | 1880.... \$282,796.13 |
| June 30th, 1881.... 196,939.85 | 49,763.76 | 1881.... 246,753.61 |
| June 30th, 1882.... 184,000.38 | 49,763.76 | 1882.... 233,764.14 |
| June 30th, 1883.... 328,602.38 | 49,763.76 | 1883.... 378,666.14 |

It will thus be seen that the Province was \$282,796.13 better off on the 30th June, 1885, than it was on the 30th June, 1880; \$246,753.61, than it was in 1881; \$233,764.14, than it was in 1882; and \$378,666.14 better off than it was on the 30th June, 1883, and yet honorable gentlemen opposite complain of mismanagement, and have the cheek to contrast unfavorably the live policy of the present Government with the miserable excuse for a policy of their own, when, year after year, they came to the House with a liability over assets of from \$200,000 to \$300,000, while the transactions of the present Government show a clear asset over liabilities at the close of the last fiscal year of \$49,763.76. It may be said, the present Government were in office on the 30th June, 1883, when the liabilities were \$328,602.38. This is true, but it is also true that this liability was a legacy inherited from the former Government, but is now changed from a liability to an asset of \$49,763.76, which fact is all the evidence that is required to convince the public that a change of government is not necessary or desirable.

The following statement will show the receipts from ordinary revenue during the three years administration of the present Government from June 30th, 1883, to June 30th, 1885 inclusive, as compared with the receipts during three years of the former Government:—

| Former Government. | Present Government. |
|--|-------------------------|
| 1880..... \$ 386,294.64 | 1883..... \$ 422,136.53 |
| 1881..... 394,334.71 | 1884..... 497,055.80 |
| 1882..... 402,100.27 | 1885..... 592,268.13 |
| <u>\$1,182,729.82</u> | <u>\$1,511,460.47</u> |
| Balance in favor of present administration \$328,730.65. | |

Comparative statement showing the expenditure for ordi-

nary services of the Province during the three years' administration by the present Government, as compared to that during the tree years' administration by the former Government:

| FORMER GOVERNMENT. | | PRESENT GOVERNMENT. | |
|---------------------------|-----------------------|---------------------|-----------------------|
| 1880 | \$347,552.78 | 1883 | \$ 391,279.70 |
| 1881 | 311,517.04 | 1884 | 506,626.96 |
| 1882 | 322,877.14 | 1885 | 589,588.91 |
| | <u>\$981,946.96</u> | | <u>\$1,487,495.57</u> |
| Balance favor pre't Gov.. | 506,548.61 | | |
| | <u>\$1,487,495.57</u> | | |

It may be said, the liability over assets June 30th, 1883, which was a legacy from the former Government, was met from the proceeds derived from sale of dock. But admitting this to be a fact, how will the question then stand? The following will show:

| PRESENT GOVERNMENT, CR. | |
|--|-----------------------|
| By payment liabilities, June 30, 1883 | \$ 328,602.98 |
| " Expenditure for ordinary services 1883-4-5 | 1,487,495.57 |
| " " on dock, 1883-4-5 | 133,576.61 |
| " Assets over liabilities, June 30, 1885 | 49,763.76 |
| Total (not including cost of Public Debt) | <u>\$1,999,438.32</u> |

| PRESENT GOVERNMENT, DR. | |
|---|-----------------------|
| From extraordinary receipts:— | |
| To cash received on acc't of dock 1883-4 | \$ 384,512.66 |
| To debentures issued 1882-3 | 12,500.00 |
| | <u>397,012.66</u> |
| Net expenditure from ordinary revenue (not including cost of Public Debt) .. | <u>\$1,602,425.66</u> |

| FORMER GOVERNMENT, CR. | |
|---|-----------------------|
| By expenditures for ordinary services, 3 years, 1880-1-2 | \$ 981,946.96 |
| By expenditure on dock | 84,063.90 |
| Total (not including cost of Public Debt) | <u>\$1,066,010.86</u> |

| FORMER GOVERNMENT, DR. | |
|--|-----------------------|
| From extraordinary receipts:— | |
| To cash received on acc't of dock 1881-2 | \$ 47,660.22 |
| Net expenditure (not including cost of Public Debt) | <u>\$1,018,350.64</u> |
| Balance in favor of Present Government | <u>\$584,075.02</u> |

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| If we take the cost of the Public Debt paid from ordinary revenue in 1880-1-2 | \$235,355.92 |
| And the cost of Public Debt paid from ordinary revenue in 1883-4-5 | 219,096.62 |
| We find the payments in favor of the former government to have been | <u>\$16,259.30</u> |

And showing a final balance in favor of the present Government at the end of the Fiscal Year 1884-5 of \$567,815.72, and yet our friends opposite will tell you there has been no improvement.

Now before proceeding to a consideration of the receipts and expenditures between 30th June, and the 31st December, 1885, I propose to enquire into the relative positions of the finances at that date, as compared with their position on 31st December, 1880-1-2, and see how far the statements of the opposition are borne out by facts, and if there be any just cause for so much apparent anxiety.

BEAVER GOVERNMENT.

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| The liabilities over assets, Dec. 31st, 1880, were | \$ 208,887.58 |
| “ “ “ 1881, “ | 162,664.52 |
| “ “ “ 1882, “ | 231,309.35 |

SMITH GOVERNMENT.

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| The liabilities over assets Dec. 31st, 1885. | 129,454.23 |
| The amount expended on Public Works including surveys and Graving Dock for six months ended | |
| Dec. 31st, 1880 | 46,393.65 |
| “ 1881 | 84,658.07 |
| Less receipts from Dom. Govt. “ 1882 | \$135,789.35 |
| Under (43 vic. chap. 8) | 39,000.00 |
| | 96,789.35 |
| 1885. | 218,675.55 |

If the former government, in an expenditure on public works of \$46,393.65 during six months ended December 31st, 1880, were justified in coming down to the House with a liability over assets of \$208,887.55, then the present government, with an expenditure of \$218,675.55, would have been equally justified in meeting the House with a liability of \$960,000. In other words, the finances of the country at the end of the fiscal year 1884-5 were 500 per cent. better than in 1881, 300 per cent better than in 1882, and 500 per cent better than in 1883. Now if we strike a general average, it is clear that the finances were four and one third times in a better condition during the six months ended December 31st, 1885, than they were at any time during the six months ended December 31st, 1880-1-2.

Now in regard to the receipts and expenditures between the 30th June and 31st December 1885, and the probable state of the finances at the close of the present fiscal year, we find that the receipts during the first six months were \$226,408.98, and the expenditure \$413,529.43, being an ex-

penditure in excess of receipts of \$187,120.45. It is a very well known fact that the principal expenditure on account of public works, such as buildings, roads, streets, bridges etc., was made during the first half of the year, and that little or nothing will be required to complete these services in accordance with the estimates. The receipts expected during the last half of the year are \$304,645.53. The amount required to meet the balance of expenditure for the year at a fair estimate is \$350,000. If then we take the funds on hand at the Treasury at the beginning of the year, \$101,509.92, the amount received during the first half of the year, \$226,408.98, and the estimated receipts during the last half of the year, \$304,645.53, the total amount available for the services of the year will be \$632,564.43. Now take the expenditure in the first half of the year, \$413,529.43, and the estimated amount required to complete the service for the balance of the year, \$350,000, and we find the total expenditure during the time mentioned will be about \$763,529.43. Deduct from this sum the amount available as before stated, \$632,564.43, and there will appear a liability over assets on the 30th June, 1886, of \$130,965.00. If we deduct the probable lapsed balances, say \$20,000, there will be an overdraft at the bank of \$110,965.00, say \$120,000, on the 30th June, 1886.

The estimates for the year 1886-7 have been some time in the hands of honorable gentlemen who, doubtless, have given them earnest consideration, and, hence it will not be necessary for me to occupy the time of the House in dealing with them at any length. No change is contemplated in the Dominion Subsidy. The receipts from land sales have been put at \$100,000. The estimate under this head for 1885-6 was \$200,000, but in consequence of the delay in commencing the work on railway extension from Port Moody, but little land at English Bay has been thrown upon the market, and it is well known that it was from this quarter the Government expected to obtain a large revenue, and their estimate was formed accordingly. In the present financial year about \$60,000 have been received up to the present time from land sales and many applications to purchase are being made. It is not expected, however, that the land sales during the present year will reach the amount placed upon the estimates. But there is good reason to suppose they will foot up to \$100,000, and upon this calculation we have based our estimate for 1886-7. A considerable increase is expected from Free Miners' Certificates, Licences, Provin-

cial Revenue, Real and Personal Property Tax, also from Law Stamps and Registry Fees. The development of new mining industries, and the extensive settlement upon the agricultural lands of the Province, we feel, fully justifies us in increasing the estimates under these heads. The increase of \$3,500 under the head, "Reimbursements in aid," is based on the amount due from the Dominion Government on account of advances to the Immigration Department at Victoria, and the extradition expenses incurred in the case of "Bull-Dog Kelly," a portion of which it is expected, will be refunded to the Province. It will also be noticed that the receipt of \$2,000 is expected, under the head of "Dominion Government Refund under the Chinese Restriction Act," which provides that twenty-five per cent. of the fees collected shall be turned over to the Province. These constitute the principal alterations in the estimate of revenue and receipts.

The estimated expenditure for the financial year ending June 30th, 1887, is put at \$710,524.50, being about \$5,000 less than for 1885-6. Although there has been very little increase to salaries of present officials, the development of extensive mines at Granite Creek and Big Bend with the increase of population generally, has necessitated the appointment of additional officers and increased the cost of administration of justice considerably. Our free educational system is an institution to which I think we may point with pride and satisfaction. The liberality of our people in providing for the education of the young cannot be overestimated, and our efforts in this direction stand without a parallel in any new country. Since the present Government accepted office in 1883, no less than fifty-three new school houses have been erected, and various sums have been placed upon the estimates of 1886-7 for the construction of eighteen more, while the total cost of education for the coming year, including new school houses, repairs, etc., is estimated at \$110,255. The expenditure in public works will not be so much as during the present year. Many permanent and expensive improvements in the form of new gaols, bridges, etc., throughout the Province, have been undertaken and completed by the present Government and if there be a small deficit at the end of the year it will be gratifying to know there is something to show for it. Now to sum up and arrive at a conclusion as to the approximate financial condition of the Province at the end of the fiscal year 1886-7 the matter stands thus:—

Dr., amount required, viz.:-

| | |
|---|-------------------|
| 31st Dec., 1885, to meet overdraft at Bank..... | \$141,599.00 |
| “ “ am't due for Island Railway lands, sold in trust..... | 3,627.00 |
| “ “ amount due Intestate Estates..... | 24,230.00 |
| Amount required to complete payments in general expenditure from 1st January to 30th June, 1886..... | <u>350,414.00</u> |

Total required.....\$519,870.00

Cr., resources available, viz.,—

| | |
|--|---------------------|
| 31st Dec., 1885, Cash, Bank British Columbia, London..... | \$ 533.00 |
| 31st Dec., 1885, amount due from City of Victoria..... | 516.00 |
| “ “ cash in hands of agents..... | 44,253.00 |
| “ “ cash at Treasury..... | 7,051.00 |
| | <u>\$52,373.00</u> |
| Amount of revenue expected from all sources from Jan'y 1st to June 30th, 1886..... | 304,645.53 |
| Amount due on Intestate Estates and Island Railway lands (may not be called for)..... | 27,857.00 |
| Total available for half year's services..... | <u>\$384,875.53</u> |

| | |
|---|------------------|
| Which deducted from amount required will leave a balance of..... | \$134,994.47 |
| Allow for lapsed balances, say..... | <u>20,000.00</u> |

| | |
|--|---------------------|
| Balance to be provided for to June 30th, 1886..... | \$114,994.47 |
| Appropriation over estimated revenue for year 1887..... | <u>134,363.45</u> |
| Overdraft required to complete the service to 30th June, 1887, | <u>\$249,357.92</u> |

Arrangements have been made with the Bank of British Columbia for an advance from time to time at 6 per cent. to meet this amount.

Now sir, having explained the financial condition of the Province and the policy of the Government therewith to the best of my ability and in a manner which I trust honorable gentlemen opposite will be able to understand and appreciate, and, understanding, will have the intelligence and moral courage to admit, notwithstanding their savage and untimely onslaughts, and their apparent anxious solicitude for their country, that the finances of the Province, all things being considered, are in a very satisfactory condition, that the phantom bug-bear of embarrassment, the goblin product of their own mental genius, that has been so long haunting them, has, at last, been dissolved, in the multitude of facts that I have presented, like Banco's ghost, in the light of modern science. And that their patriotism need not now be strained to the necessity of appropriating their own individual fortunes in order to relieve the Province from a difficulty that exists only in their own diseased imagination.

Mr. Speaker I move that you do now leave the chair and that the House do resolve itself into a Committee of Supply.

During his speech Mr. Duck was frequently applauded, and took his seat amidst vociferous cheering.

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