

of ordinary expenditure, which, having once occurred, would never occur again; when we considered the further fact that the peculiar financial experience in our financial operations, all the ordinary expenses of Government, and all the ordinary expenses of the Province, after having expended on the capital account more than half a million—having done all this—when we considered that at the end of two and a half years we had a surplus of invested funds of over two and a half millions, the country might at least be pleased with the financial position in which it found itself. In the very few remarks which he would have to make, he would consider in the first place the position he occupied a year ago, when he had the honour of bringing down the estimates to this House. He would compare the year's operations with the present state of matters, and he would then proceed to consider the estimates for the ensuing year. Not a year ago, in closing the transactions of 1868, he stated to the House that he thought the estimates would be more than enough to meet the services of the year by \$145,000. The year closed, and instead of there being more than enough to meet the wants of the country by \$145,000, there was more than enough by \$177,000. That was for the year 1868. In the year 1869, when the estimates were made, he set down the accounts which had been brought down to the 30th September last, he stated there would be a surplus, making due allowance for the three months, up to December, of \$355,000. He stated a year ago that after providing for all the services mentioned in the estimate, there would be upwards of half a million surplus after paying all the expenses, and after meeting the wants of the Government. It was thought doubtful at that time, but the fact turned out that instead of being half a million there was at least upwards of \$390,000.

Mr. BLAKE—That is, reducing the amount by last year's appropriations, I suppose.

Hon. Mr. WOOD—Yes.

Mr. BLAKE—You had spent all the estimates.

Hon. Mr. WOOD said that after spending all the estimates of the current year, there would be some \$335,000 that would lapse, but after meeting all the expenditures during the current year, there would still be invested \$150,000 sterling in 5 per cent. Canadian Bonds, and besides, on special deposit, \$500,000 in the Bank of Montreal, and the sum of \$76,000 in the Royal Canadian Bank, which added to the investment of \$500,000 in Dominion debentures, and \$300,000 on hand would make some three millions of a surplus at the end of the present year. The question, and the great question that the House had to consider was this. He might remark, that while he said there was this surplus, nothing remained in his opinion to be provided for, but the excess of debt over sixty-two and a-half millions. Now, the excess of debt over that amount should be divided between Ontario and Quebec, upon the portion falling to each, each should pay five per cent. Now, all along from the commencement of our career down to the present time, an allowance had been made by the Dominion Government sufficient to pay interest at five per cent. half-yearly. In fact, it had been deducted half-yearly to the extent of ten and a-half millions, and assuming that 50ths of that had been entered, the account had been kept in that way, so that the Province, after discharging all these liabilities and making ample provision for all its wants, had a surplus of upwards of two millions. All of this, with the exception of say half a million, or rather \$576,000, was invested in Provincial funds. At the last meeting of this House, he told as his opinion that the excess of debt would not exceed nine and a-half millions. Subsequent investigations and changes had somewhat increased it; but, nevertheless, the increased debt had not any effect, because, while the debt had been increased on the one hand, the assets which were to be divided between the two Provinces would be correspondingly increased on the other.

Mr. BOYD wished to know how the assets were increased.

Hon. Mr. WOOD said he would take, for instance, the Upper Canada College Building Fund. That Fund owed \$38,500 of debentures that were issued on their Bonds. The British North American Act put that fund down as an asset. Now, the Dominion Government was liable, for example, for this \$38,500, if they assumed it, and by deducting that amount from the Building Fund, the debt of the Province was lessened by so much. If it were not deducted and were put on the other side as an asset to be divided, the debt of the Province will be increased by that amount. There were several funds of that kind. There was a fund so treated called the Lower C. Superior Education Fund. It was intended that that fund should be placed at \$32,000. That was deducted from the Superior Education Fund, by which the liabilities of the late Province were increased by that sum; but that not being deducted, increased the assets by that unit, and it was placed on the other side of the account as an asset to be divided. In that way the debt had been increased, these sums being treated in that way as assets to be divided by the arbitrators, being different from the \$350,000. Again the debt had been increased by arrears beyond what he had expected—by arrears from the late Province of Canada. It was supposed at the outset that the debts owing to the late Province of Canada, and the debts they had to pay would about equal one another; but it was found that the payment of arrears amounted to nearly two millions, while the receipts amounted to only some \$400,000. So that in that way the debt had been increased. It had also been increased somewhat in the composition of a debt which we had all along contended should be deducted in full. That was the debt of the Bank of Upper Canada, which amounted to \$1,150,000. On investigation, it turned out that it was not really equal to that amount. It should be treated as a banker's balance, and deducted in full; but, after investigation, a compromise was made, and half a million deducted. The nine and a-half millions might well be ten and a-half millions. According to the best information, the debt of the Province would

be in excess. That was seventy-two and a-half or seventy-three millions. It would be ten and a-half millions above the debt. Therefore with the exception of this excess of debt they had disposed of all their accounts till the 20th September, 1870. They now stood in the position that everything was squared up with the Dominion, with the exception of some suspense accounts, or he might say with the exception of but one single item of debt, which was necessary to enable them to consider exactly the position in which they stood, together with the knowledge of the state of the debt between the Provinces. There could be no doubt that the House might decide that they would not be called upon to pay very much more than what was stated in the accounts. The simple question of their financial position was therefore reduced into a very small compass. We have certain sources of revenue in debentures making \$1,200,000, and in the Royal Canadian Bank between \$70,000 and \$30,000.

We had at the end of the nine months which have just passed after paying all the requirements and after having invested \$12,000,000 that he had mentioned, we had still cash on hand about \$110,000, due from the Dominion and in the Bank of Montreal \$500,000.

Mr. BOYD asked on what conditions the deposit was made, whether there were any special arrangements?

Hon. Mr. WOOD said it was at 4 per cent., and could be called up at fifteen days' notice, and no special arrangement had been made. At the close of September, 1869, we had equivalent to cash on hand \$315,000, and at the end of the present year we shall have cash on hand to the amount of \$222,628 76. We should, on the 31st December next, have expended since we commenced our expenditure, \$485,992 of capital account and otherwise than of capital account \$2,596,449. The total expenditure up to and including the 31st December next, will be \$3,820,369 90, and of that there is on capital account \$350,000. He did not know how he could better present the matter than he had done by stating that commencing their expenses on the 1st of July, 1867, and running on for the half year without any investment, they had, in fact, an overplus of \$653,449. Then taking a new start after paying the interest on the excess of debt up to the end of 1868, they invested \$850,000, \$500,000 in municipal debentures, and \$350,000 in Dominion stock. Then proceeding to the 30th of September last and paying the Dominion excess of interest on \$10,500,000 during that period, they had invested upwards of \$700,000, leaving an overplus at the end of the period of \$315,564 11; and coming down to the end of the current year they still had cash on hand at the end of the year of \$222,628, calling in only \$100,000 of the \$200,000 due by the Dominion Government. Hon. members had the statement in their hands, and it would show that if the public money had been expended, properly or improperly, the country would judge, about \$2,000,000; and it had cut in substantial investments about two millions. It stood thus before the country because, although the debt to the Dominion might be considered a debt since it was provided by the Statute, provided that it should be deducted half yearly from the payment of the subsidy, amounting to \$196,000. After this Province had been carried on for two and a-half years, and expending three millions of dollars, it had a surplus in hand of upwards of two millions.

Hon. Mr. McMURRICH understood that the last investments had been made at 5 per cent. Were the debentures payable at maturity or renewable?

Hon. Mr. WOOD said that they were payable at maturity. He would now call the attention of the House to the estimates that he had made for the past year. By turning to the statement which he had prepared, and which had been circulated, the House would see that there had been receipts amounting to \$570,217 16 in increase, and \$300,767 43 in decrease in various items. It might be said that he had not made a very close estimate, but he wished to call the attention of the House to what he thought should prove that it was a very close estimate. At the top of the statement was the sum of \$125,000, said to be less than estimated, but it was only an apparent decrease. It was merely the deduction of so much subsidy. The Municipal Consolidated Fund was the next considerable item in which showed a deficit of \$49,977 13. He could not speak of this very clearly for the Fund was not entirely under the control of the Government. He regretted this fact. They were prevented from obtaining permission of the books of the Department until the award of the arbitrators.

Hon. Mr. McMURRICH asked how it was that if the Fund was not under the control of the Government how it was that they collected it?

Hon. Mr. WOOD said it was one of the assets handed over by the British North American Acts to the Provinces of Upper and Lower Canada, and it was left to the Provinces to collect it. He had hoped to obtain possession of the books, but there was some apprehension on the part of the Quebec Government, as would be seen from a voluminous correspondence which had been placed upon the table. This was the present position of the fund. Then, in order to account for those cases in which the receipts had been more than estimated, the Crown Lands revenue had shot up immensely during the last three months, and the total increase during the past nine months of the present year had amounted to \$336,826 95 more than he had calculated. That was the largest item on that side. It had been remarked by the hon. member for Bothwell on more than one occasion that the poor settlers had been distressed, and that the Commissioner of Crown Lands had gained a princely revenue from his department, because he had threatened poor settlers with all sorts of proceedings, and had forced them to make payments through the apprehension that they would be dispossessed of their land and of the labour of years would fall into the hands of others. He was sure that the hon. gentleman would be glad to know that such was not the fact, and that the collection of the Crown Lands Departments was very little if anything in advance of former years—than in last year, for the increase was chiefly in timber dues. He might say almost exclusively in timber dues. The Government had

entirely deceived him by adding to what he had estimated his receipts at by the sum of almost \$400,000. The revenue in the particular department of the Crown Land office of Woods and Forests in 1868 was \$239,153 35, and the Common School Lands were a little less in the previous year than they were this year, being \$115,457 73 in 1868, against \$131,794 98 in 1869. In 1869 the Woods and Forests produced \$379,735 77, against \$239,000 in 1868. He therefore thought that the hon. member would be greatly delighted with the result that they had been able to show. The Commissioner had not received these dues. There was no foundation therefore for the charge which had been made against the Commissioner.

Hon. Mr. McMURRICH said he also saw that the interests on investments had exceeded the estimates.

Hon. Mr. WOOD said this was owing to the following fact; that the investments were made after the estimates had been made. The estimate was made on the investments in full; but there had been additions soon after the estimates were brought up. He had invested more than he expected. He expected to have a surplus of \$500,000; but he found soon after the commencement of the year that he was able to invest £150,000 sterling. He had not expected to be able to invest so much; but it was in this way that the increase in the item had arisen. There was another item. He had estimated that he should have cash in hand on the 30th December, 1868, of \$192,945 75, but it was in fact \$344,039 37; which was accounted for in the Crown Lands receipts during the last three months of the year, exceeding so greatly his anticipation. He wished to clear up these various points as he went along, because he saw the hon. member for Prescott was ready to charge him with being amiss in his estimates. Now he thought than any person who would take into consideration the uncertain position in which a good many of those matters were, and even were at the present time, in respect to particular sources of revenue, would agree with him that the estimates could not be easily fixed. Then there were tavern licenses, which were entirely changed under new legislation; but if they would take any source of revenue they would find that there was a difficulty in framing these estimates. He referred to the revenue derived from the Municipal Loan Fund, and the revenue from Crown lands. These varied with good or bad harvests, and in the demand, or want of demand for lumber, and consequently it could not be fixed so precisely as other sources of revenue. In the old country the estimates could have been fixed more precisely, because they had experience of the past, and they could tell what was the permanent revenue of the country. He did not think that there were many items, however, which might not be considered to be permanent. There was one item which was, perhaps, doubtful, but it was but a small sum—he referred to the Upper Canada Building Fund, which was for the construction of schools and other buildings in the Province of Upper and Lower Canada. It amounted to \$1,400,000, and it was a parallel fund with the Seigniorial Tenure Fund, paying about \$75,000 interest. This latter fund paid six per cent. interest, and they had, therefore, charged the Dominion Government with that amount of interest. They had objected to the charge, but the Government still thought that it should be treated on the same footing as the Seigniorial Fund.

Mr. GRAHAME (York), said that the interest last year was \$75,000, and this year it was fixed at \$88,000.

Hon. Mr. WOOD said that the difference arose in this way. The Upper Canada Building Fund, as stated by Mr. Langton, in the public return that was brought down, stated that it was at first \$1,500,000; but it turned out, on making up the public accounts of the Dominion, of 1868, that they had charged to the consolidated revenue certain appropriations or payments which had been made on account of that Fund, the particulars of which have been published, amounting in all to \$65,000, and thus the total had been reduced from the sum he had named to \$1,400,000, and it was this that made the difference. The sum that was put down in the statement was the exact fund; and, therefore, he said to the House—or at any rate to the hon. members who took any interest in these matters—that the left side of the statement contained items which formed in the main permanent sources of revenue. He did not of course mean to say that that revenue was the permanent revenue of the Province, and was exact—it was an approximation. The first item was that of specific payment of the year of subsidy standing at \$1,196,672 80; that he conceived to be permanent revenue, and taking from that fund the year's interest at 5 per cent. on Ontario's excess of debt, at \$291,666 66, would leave a permanent annual revenue of \$905,105 14. Then he would take the several items of Reformatory

Schools, Asylums, Education, the Consolidated Municipal Loan Fund, Tavern Licenses, Marriage Licenses, Law Stamps, and other minor revenues, which should be put down at \$400,000. The different revenues were always increasing. The Crown timber revenue was a permanent source of revenue, and might come to \$800,000; Cab Licenses would not now diminish, and Tavern Licenses were on the increase, and he did not suppose that they would diminish. Law Stamps would not diminish, and were estimated at \$74,691. These items would not, he thought, diminish, and would produce on the whole about \$400,000. The Crown timber revenue he looked upon as a permanent source of revenue; but the Crown Lands were passing away. They were becoming less and less every year; but the timber, if the policy of the present Government—and of course it was correct (hear, hear)—to preserve it as much as might be on lands which were not suited to agricultural purposes, was carried out, would prove a source of revenue to this generation and to generations which might come afterwards. Timber was now a cash article. In this part of the world its value was constantly upon the increase, and he put it down that during the next quarter of the century, that Crown Timber would yield a net revenue of \$330,000.

Hon. Mr. RICHARDS—I expect much beyond that.

Hon. Mr. WOOD thought that would be a safe estimate, and be above all expenses. He did not think that some of the members of the House had any idea of the immense value to the Province of its timber. In the United States, a gentleman had taken the trouble to study this question, Mr. Wilson, of the Government Lands Department at Washington, and found how immense was the destruction of timber in the Western States, in the northern part of Michigan and away west. That gentleman said that not only was there an injury done to the country by clearing away the timber, but the land was very much injured. It was a matter of the very first importance to the Province to protect its timber—he did not mean to protect it in the way to prevent the progress of civilization and agriculture; but wherever the country, in his opinion was unsuited for agricultural purposes. It was a duty of the Government now and of future generations to husband it and take care of it. Then he took the exact item of interest on outstanding Grammar School Lands at 5 per cent., being principal \$100,000, with interest, \$73,000. That was the principal and interest on outstanding Grammar School Lands for sale making a total amount of \$173,000. This might be considered a permanent source of revenue, amounting to \$8,650. Then they had the interest on Crown Lands at 5 per cent., the principal being \$500,000, and interest \$400,000 with interest at 5 per cent. He thought this also might be looked upon as an extent of permanent source of revenue to the \$45,000, it being worth 5 p.c. to the revenue. The lands that remained for disposal might bring a small revenue, but as a rule, if sufficient was derived from them to pay the preliminary expense of survey, it was about all that could be expected; and therefore he did not count on anything being realized from Crown lands, except those lands which had already been sold. The interest on outstanding Common School lands, at 5 per cent being five-ninths of the principal, about \$700,000, and interest \$500,000, producing \$33,332 33, which might be looked upon as a permanent source of income. The interest on investments produced \$100,000, most of them were invested at 6 per cent.—\$8,500,000, and \$750,000 at 5 per cent., and half a million not being required for any purpose, would be placed with the other investments. With regard to the funds in the hands of the Dominion Government, they might be considered in the light of permanent income, and as producing \$1,491,694 74, making a total revenue of \$1,931,782 74, thus showing a permanent revenue of nearly two million dollars. He thought his estimate of the revenue of 1870 would be correct. It amounted in the total to \$3,002,185 04, and the expenditure to \$2,022,550 08, to which there were some small additions to complete the services of 1868-69, to which was to be added one year's interest at 5 per cent. of Ontario's proportion of excess of debt, standing at ten and a-half million dollars, leaving the square balance on the year's operations of \$639,845 66. Showing that altogether the appropriations proposed to the House might seem large, there was still a surplus remaining of over half a million dollars. He expected that possibly before the end of the year 1870 to add to the \$2,000,000 already invested another \$500,000, making it \$2,500,000, and he further hoped, that by the time he made his next statement to the House that he might be able to increase the sum to \$3,000,000. (Hear, hear.) He would now call the attention of the House to the item of legislation, which was somewhat in excess of the previous year. The estimate of the preceding year was found to be too small, and they had increased the item, but he would discuss that item more particularly at a future stage. Then followed various items, such as the London Lunatic Asylum, the Deaf and Dumb Institution, the Government House, the Reformatory, Penitentiary, works on various rivers, &c., making a total of \$678,521 61, which was all on account of capital. The largest part of this money, however, he might say in explanation, was composed of re-votes of sums that had not been expended by the Government during the current year. He might weary the House by going on making explanations, but it was getting late, and consequently, he would draw to a close. He would only say that he thought the Province of Ontario might well be proud of its present position if it were compared with the position it occupied several years ago. In 1839, to show the progress which this Province had made, notwithstanding the injustice under which she laboured during her connection with Lower Canada, her population on was 450,765, less than half a million. In 1867 her population was at least 1,750,000, and in 1869 was at least 2,000,000. In 1839 the assessed land was 7,071,693 acres; in 1867 (he took up to the time of Confederation) the assessed land was 19,272,917 acres. The value of assessed property in 1839 he found was \$21,681,636; in 1867, \$245,000,000—that was \$21,000,000 against \$245,000,000. The expenditure from local taxation in 1839 was \$147,527; in 1867 it was \$4,566,477. Duties on merchandise in 1837 were \$303,174; in 1867, \$4,700,000. Internal revenue, excess, in 1839, was \$41,800; in 1869, \$2,622,975, or nearly \$3,000,000. The number of Grammar schools in 1839 was 14; the number in 1867 was 101. Number of pupils attending Grammar Schools in 1839 was 311; in 1867, 5,649. Amount expended on Grammar Schools in 1839, \$5,600; in 1867, \$119,646. The number of Common Schools in 1839 was 809; in 1867, 4,480. Pupils attending Common Schools in 1839, 24,000; in 1867, 419,899. Amount expended upon Common Schools and other educational institutions, excepting Grammar Schools, \$37,200; in 1867, \$1,588,434. In 1868, the total sum expended on education amounted to \$2,002,230. The number of other educational institutions, other than Common and Grammar Schools in 1867 (he believed there were none in 1839) was 301. Number of pupils attending these institutions, 9,385, and the amount expended was \$249,150. Now, those who supposed that during all the time, from her connection with Lower Canada, would see, if they took the trouble to look at the old parliamentary returns of the country with its present condition, he would find that there was scarcely a parallel to her progress, and it would surprise anyone, he was sure, if just for one moment he