

Ontario's Share of Library (see Award).....	105,541 00	5,754,877 89
3. OTHER DEBTS DUE TO PROVINCE:—		
Balance re Municipal Loan Fund Debts.....	\$86,976 32	
Balance re Mortgages, Mechanics Institute, Toronto, and Land at Orillia Asylum.....	7,905 08	
Balance re Mimico Lots...	6,527 58	101,408 98
4. BANK BALANCES:—		
Current Accounts.....	\$196,507 22	
Special Deposits.....	71,579 75	268,086 97
Total.....	\$7,222,645 60	

In regard, to the first item, there was a little variation from the last few years, where the premium over par value had been placed at \$30,000. He considered it fair that if a security of this kind is quoted at all, and the premium taken into account, that it ought to be at the real market value of the security. They had to run until 1893. In arriving at the market value he had taken quotations from the London Economist of securities bearing the same rate of interest and falling due about the same time. According to the quotations of British Columbia, New Brunswick and Victoria securities it would be seen that he had taken the minimum value, putting them 10 per cent. premium.

Then we have liabilities at present payable as follows:—
LIABILITIES OF THE PROVINCE AT PRESENT PAYABLE.

1. Balance due to municipalities re surplus distribution.....	\$2,000 45
2. Balance due to municipalities, re land improvement fund (balance of \$124,635 18, see Award).....	3,608 55
3. Quebec's share of Common School fund made up as follows:—	
Collections on account of lands sold between 14th June, 1855, and 6th March, 1861.....	\$838,557 52
Less 6 per cent., cost of management.....	\$50,313 45
Less one-quarter for Land Improvement Fund 209,639 38	259,952 83
Collectors on sales made since 6th March, 1861.....	\$302,657 68
Less 6 per cent., cost of management.....	18,159 45
Quebec's proportion according to population of 1881.....	357,370 21
Total.....	\$362,979 21

Surplus of assets after deducting liabilities presently payable..... \$6,859,666 39

It will be seen after deducting liabilities presently payable we have a surplus of \$666 39. (Loud cheers.) Honourable gentlemen opposite, he supposed from the manner in which they received that intelligence, would be inclined to dispute the item of two million eight hundred thousand dollars as being a part of our assets, but when they came to see the Statute and the manner in which it had been mentioned by the Finance Department at Ottawa, they could not properly come to any other conclusion than that it was clearly an asset of the Province. As he had mentioned before, there was no other ground upon which the division could have been made, except the one adopted; there was no other ground upon which it could be given to Ontario and Quebec jointly, unless it was in connection with the liability of the late Province of Canada, because this interest was charged in the Dominion accounts as a return of that amount, which had been charged to us, and which had been deducted from the subsidies payable to the different Provinces. The very words of the Act showed it to be an asset. It said: "The total amount of the half-yearly payments which would have been made on account of such increase from the 1st of July, 1867, up to the 1st Jan., 1873, with interest on each of 5 per cent. per annum from the day on which it would have been so paid to the 1st day of July, 1881, shall be deemed capital, owing to the said Provinces, respectively." (Hear, hear.) If it was capital owing to the Province it was a debt due to the Province, and clearly proper to be taken into account as such. If it was a subsidy we would have no right to have it credited as "Capital owing to the Province."

Mr. MEREDITH—Why did you not get a cheque for the amount?

Hon. A. M. ROSS—We did not want it. It was invested there drawing 5 per cent. interest. We cannot make a better investment than that. (Hear, hear.)

DEFERRED LIABILITIES.

Now, in addition however, to the liabilities I have named as presently payable there are other liabilities of the Province though not presently payable which I don't dispute are liabilities. I have made a distinction in deducting these liabilities from the amounts which we may be called upon to pay at any time. There are, first, the old Railway Certificates of the Province. The Province at the time they granted \$2,000 or \$3,000 a mile took the ground that they could not pay the amounts voted direct to the

railways, but said virtually to them, we will give you certificates payable yearly or half-yearly, and these were for the purpose of enabling the railways to raise money for the purpose of proceeding with the work. I have no desire to create an impression that these are not liabilities against the Province, but I account them, and they have always been considered, as future liabilities. In an exactly similar manner Mr. Courtney, the Deputy-Finance Minister of the Dominion, treats the liabilities of the Dominion. In the introduction to the Public Accounts for 1884, it will be found that he says:—

"In addition to the liabilities referred to, the several Provinces forming the Dominion were credited in their debt account with \$7,172,297, and liabilities were incurred as subsidies to the various railways under the Act, 47th Vic., chap. 3, amounting to \$6,176,400, which amount does not include the two sums of \$170,000 and \$10,000 per annum for 15 years."

Now, this is another evidence of what I contend is the right system. The Dominion Government, in granting railway subsidies, has awarded direct subsidies to some, while to one road it has agreed to give \$170,000 a year, and to another \$30,000, and Mr. Courtney says he does not include these in the statement of present liabilities. So we have the annuities issued last year on the same footing; they are not present liabilities, but liabilities falling due in the future. If we were simply a commercial institution or a bank, and we had such liabilities, we should have to capitalize them as liabilities against ourselves, but if we were to take that course we would be equally

ENTITLED TO CAPITALIZE

the sums that were granted to us; as revenue, to capitalize the subsidies from the Dominion Government. This is equally certain as an asset as the other is a liability, and it would amount to \$23,937,000. We don't do this, and in making our financial statement we, in common with other Government institutions, are forced to adopt a system of bookkeeping applicable to ourselves. So also we might capitalize the value of all the public buildings and public works—the Dominion Government did this once. We might also claim the unpaid balances on the Crown Lands, but we don't do so. But there is one other point as showing that annual payments out of revenue are not taken into consideration by the Dominion Government when considering the liabilities. Some years ago at the time when the Washington Treaty was negotiated certain timber dues that formerly had been collected by the Government of New Brunswick, were abolished, and the Province applied to be reimbursed by the Dominion Parliament. The Dominion Parliament voted \$150,000 a year in perpetuity to the Province for this purpose, but they have never treated that as an immediate liability, and it has never been capitalized as such. So I consider these railway annuities and certificates are not liabilities presently payable; they are intended to be paid out of annual revenue, and we don't take them into consideration in the capitalization of liabilities.

THE SURPLUS QUESTION.

Now it has been the practice for some years in the discussion upon the financial statement, in fact the general course of criticism has been, to institute a comparison between the expenditure now and that of Sandfield Macdonald. I think it is about time this course was abandoned, and I was glad to hear the member for West Toronto say last year that such comparisons were useless. There is no doubt that they are. But hon. gentlemen have also drawn attention to the surplus we received from the Sandfield Macdonald Government, and claim that he had a surplus of available securities to a large amount, and that we have not such a surplus. We don't say that we have accumulated year after year a million or half a million dollars, as that Government did.

MR. MOWAT HAS NOT ACCUMULATED

a large surplus, for he has always held it to be his pride and glory that he has not done so, but rather sought to expend the money entrusted to him in the interests of the people. (Applause.) In 1872 there was handed over to the succeeding Government investments and bank balances amounting to \$3,810,964, and if we add to that what were found to be collectable balances due by the municipalities under the Municipal Loan Fund, \$1,273,840 we find a total of \$5,084,804. From this is deducted the amount of Quebec's portion of the Common School Fund leaving \$4,979,004. In this I am not taking into consideration the Dominion Trust funds. Well, then, what was done when this Government came into power? At the very first they distributed to the people \$3,388,068 in connection with the municipal loan fund.

Mr. MEREDITH—How much of that did you get under the Tilley Act?

Hon. A. M. ROSS—We got relief to the extent of the interest. The next act was to give \$3,911,880 in aid to railways; or in these two sums he gave back to the people a total of \$7,299,948, or \$2,320,944 more than he received. (Applause.)

Mr. CARNEGIE—Some of that has not been paid.

Hon. A. M. ROSS—I am only taking into consideration the amounts actually disbursed. In these two items he disbursed \$2,320,944 more than he received. Now I would ask if the people were not better satisfied with the distribution of the surplus in this manner than if we had continued to hoard it and added to it a million or a half a million a year. I may say that there are

only three items in our expenditure that are absolutely needful for the purpose of carrying on the Provincial Government. All

THE OTHER INTERESTS MAY BE

handed over to the Municipal Governments if the Government were so disposed; or if the revenues became so restricted it were absolutely necessary. So if the Provincial expenditure had been restricted, we might not have increased the amounts of the grants to education or agriculture and arts: increased aid to the administration of justice, hospitals and charities, and other branches of expenditure. The Government might even have reduced the grants to these, and if the object had been to run up a surplus, we might have had one amounting now to \$20,000,000 or \$25,000,000, and yet I am sure the people would not have been satisfied with that. Again I say we claim it as our greatest glory that we have met all the reasonable demands upon the revenues of the Province, and yet we have a nice little nest egg. Now, in regard to these branches of expenditure, which might be considered as purely local, and which Mr. Mowat might have put on the municipalities. There has been expended since 1871 as follows:—

For education grants.....	\$6,598,251
For public institutions, criminals, etc..	5,759,416
For agriculture and arts.....	1,423,315
For hospitals, charities.....	853,366
For administration of justice—aid given to municipalities.....	1,640,150
For colonization roads, which are purely local works.....	1,393,481
A total of.....	\$17,681,779

I have not included in this public buildings and works, because they are of a mixed character, not altogether of a public class. In regard to the maintenance of criminals and lunatics we all know how our gaols were crowded at the expense of the counties, and how in the homes of the people the lunatics were maintained at the expense of the families, who are now relieved. I am happy to say that on the 31st December the accommodation had overtaken all demands up to that time, though a large expenditure will be needed for this year.

THE SURPLUS.

We will also see how the surplus would have increased if we had continued to grant aid only at the rate given in 1871 by the Sandfield Macdonald Government. For education in 1871 there was given \$351,306, and if this had been continued there would have been granted in the 13 years \$4,566,978, while Mr. Mowat has actually given \$6,598,250, or a sum of \$2,031,312 given to the people more than if the grant had been continued at the same scale as Sandfield Macdonald granted. This is a fair way of putting it. Sandfield Macdonald in 1871 granted for agriculture and arts \$76,381, which would amount in 13 years to \$992,953, while we have actually given \$1,423,315, or \$432,722 more than if we had continued at the same rate. For hospitals and charities the grant given was \$40,260, which in 13 years would give \$523,380, while Mr. Mowat has actually given \$858,362, an increase of \$334,982. For public institutions, Sandfield Macdonald gave \$171,423, which in 13 years would have amounted to \$2,228,459, Mr. Mowat having given \$5,759,829, an increase of \$3,431,330. In 1871, for the administration of justice, and I am taking only those items which is directly returned to the municipalities, there was granted \$104,049, for 13 years at that rate \$1,352,637, and Mr. Mowat has given \$1,649,150, an increase of \$296,513. The Sandfield Macdonald Government spent in 1871 on colonization roads, \$55,419, which in 13 years would be \$720,317, while the sum actually spent has been \$1,317,677, or a gain of \$597,360. In these branches of expenditure, which I say are purely relief to municipalities, and which, if the Government had chosen, the expenditure for which would have been derived from the municipalities, the Government has returned to the municipalities \$7,124,229.

Mr. CARNEGIE—Has the hon. gentleman applied the same rule to the receipts?

Hon. A. M. ROSS—I have no hesitation in applying the same rule to the receipts, for I did apply it last year and I showed that we had only received on the average an excess of \$60,000 annually over the sum derived by Sandfield Macdonald. (Applause.) The hon. gentleman has got the statement in his hand, he will find the table there, and I challenge him to dispute the accounts. And I may say that in the other branches in the way of receipts we have given back to the people fees from County Courts and Division Courts amounting annually to \$35,000, and marriage licenses and stamps \$30,000. So that we have \$65,000 less revenue than we should have had had we continued these at the same rate.

THE DOMINION ACCOUNTS.

The House will be anxious to know what progress has been made towards the settlement of the accounts with the Dominion. I am sorry to say that the progress has not been what I hoped for, and anticipated last year. It will be in the knowledge of hon. gentlemen that I stated that it would be impossible to secure a meeting of the Provincial Treasurers with the Dominion Finance Minister until the Dominion Parliament closed. The Quebec Legislature did not close till June, however, and when it did close, Sir Leonard Tilley's absence in England prevented any meeting until September. On his return I applied to him to arrange a meeting, and a meeting was arranged for 21st October last year. On that