

which may occur. I know that many hon. members fresh from the hustings of a general election have heard it stated on the platform that we had no surplus, that it was a myth, shadowy and without substance. However, it is of sufficient reality to enable us to cheque upon it to meet any occasional shortage of receipts as compared with expenditure, and for that purpose only is a surplus defensible, and I am glad to say to enable us to draw upon it for the small sum of probable expenditure over revenue for 1887, without affecting in any degree its substantial proportions. Mr. Speaker, I move that you leave the chair, and that the House resolve itself into Committee of Supply. (Loud and prolonged cheering.)

Mr. CREIGHTON, after preliminary remarks admitting what had been said by the hon. the Treasurer, respecting the necessary sameness of the points to be dealt with in relation to the finances of the Province, proceeded:—Though I somewhat anticipated what would be said on the subject, I must express my regret that another year has passed without some steps being taken to gain a settlement of the questions between Ontario and Quebec and the Dominion. It is now nearly twenty years since Confederation was established, and we must agree that it is not creditable to the Governments which have been in power in the Dominion and Province that a matter of this kind has remained unsettled for so great a length of time. I am not now seeking to assign the blame; I dare say the Treasurer of this Province is not to blame. (Hear, hear.) This is a matter in which different municipalities throughout the Province take a deep interest, because they are expecting great benefits as a result of the settlement. Of course, so far as the Land Improvement Fund and the Common School Fund are concerned, the municipalities have, by their persistent effort of members of the House have already received the principal. There is also another fund, the Land Improvement Fund on Crown

Lands, which the municipalities will not get until this settlement is made. Some municipalities are looking eagerly from year to year for this settlement, and it is disappointing to them as year after year passes by and nothing is accomplished. The hon. the Treasurer has referred to the statements of account of the Dominion in connection with his so-called surplus, and as this is a new Parliament and some of the members have not heard the question discussed in this House, it may be proper to make some remarks with respect to the surplus. The account of the Dominion shows \$4,175,276 as in the hands of that Government, being \$579,601 less than the Treasurer claims. And he does not claim, so far as I understand, that this statement of account is very much wrong, except in one particular. He refers to the fact that in this statement the Dominion Government

DOES NOT GIVE THE PROVINCE CREDIT

for what is known as the Common School fund, and he claims this, about a million dollars, as part of the surplus. This is calculated to mislead the people and would mislead members of the House, but that they had more closely studied the matter. I have before given the reasons why this sum is not available, but I may be permitted to do so now. This is not an asset in the ordinary sense of the word, but is simply a fund held in trust by the Dominion Government, the interest of which is to be paid to the Province, but the principal of which they can never touch. In proof of this I need only refer to the demand of the arbitrators on these accounts between Ontario and Quebec. There

is another sum which the Province of Quebec has received, and which under the award of the arbitrators must be deducted from the sums held by Ontario in order to show the true available surplus. The sums collected on the sale of grammar school lands, though in the hands of the Province, must be paid over to the Dominion on a final settlement of these accounts to be held and interest paid as with the other fund. The Treasurer admitted that \$362,000 of this money must be paid to Quebec on settlement being made, but he did not say that the whole had to be held as a trust by the Dominion. This is plainly the decision of the arbitrators. Mr. Courtney, the Deputy Minister of Finance, took the same view, as shown by his statement. We have thus \$2,111,349 which ought to be deducted from the sums supposed to be in the hands of the Dominion in order to show what our available surplus is. There are one or two points to which I would like to call attention which seem to me to show the utter unreliability of the figures which year after year are given to us by the Treasurer as indicate the surplus. In the statement made 13th December, 1884, we have as part of the assets drainage debentures to the amount of \$241,802. During the year 1885 we invested in drainage debentures in addition \$40,223. That would make our investment as in 1885 in drainage debentures of \$281,825. But during the year we had paid in \$37,100, how much on interest and how much principal there is nothing to show. But suppose it was all principal, yet in 1886 we find our investment in drainage debentures is only \$278,740, or \$3,000 less than last year. There is another fund of assets to which the hon. gentleman has devoted considerable attention, that of drainage assessments. Hon. gentlemen will understand that this drainage assessment is a drainage tax undertaken by the Province and repayable by the municipalities in instalments running over twenty-two years. The Treasurer claims them as assets of the Province, and certainly the present value of those assessments could be claimed as assets. Mr. Creighton then quoted figures to show that prior to 1883, when Mr. Ross became Treasurer, it was customary only to count as assets the value of the assessments at the time of such counting.

SOME ONE HAD BLUNDERED,

either the present Treasurer or his predecessor. Last year he had called attention to the fact that the Government, behind the back of the House, had been giving away the moneys of the House to certain municipalities in which drainage works had been undertaken. That is to say, they had, by Order in Council, been writing off the debt of the municipalities to the Province and never bringing it before the House. But while every year the Government were making statements of their assets, they had never made any reduction for the amount of the debts they had so written off. (Applause.)

Hon. A.M. ROSS—How do you know the reductions made in former years were not made on that amount?

Mr. CREIGHTON said that in 1884 the amount of \$34,764 was written off in debts of the municipalities; but the assets, according to the Government's statement, were reduced only to the extent of \$18,079, which was exactly the amount paid by the municipalities. The Treasurer took credit for all these drainage assessments, although they were not presently payable; but he refused to debit the Province with liabilities which were not presently payable. The proper businesslike way was to give a statement of the present value of both assets and liabilities. If