

on mortgage for five years at 5 per cent. I have since sold the mortgages at par, so that practically the transactions were cash. When the land was set apart the 80 acres were valued at \$2,000 per acre. We have now sold 50 acres at an average price of \$3,377. The balance of the land will not be sold at present, as it will be required for brickmaking at the Central Prison. The total expenditure in connection with the Parliament buildings has been \$164,678, and the receipts from land and mortgages \$122,211. The last item in the receipts is a sale of \$300,000 of Dominion bonds which the Government held as an investment. We sold those bonds at a premium of 6%, realising \$320,423, or with accrued interest, \$322,041. The sale of these bonds was necessary to provide for the erection of the new Parliament buildings, but had we been able to foresee the success of the land sale in the fall, the sale of these bonds need not have been made. In connection with that sale I may say that the highest average amount received at any former sale was \$640 per mile at a special sale in 1870, but the highest average amount at any general sale was \$532 in 1881, while the average amount received at the sale of last fall was \$2,258 per mile. As I said, if we had foreseen the great success of that sale, these bonds would not have been sold, but although sold, not a dollar of the proceeds can be used. Our total receipts, including the bonds, were \$3,846,942. I come now to our expenditures for the year. In civil government we asked for a vote of \$191,765, while the actual expenditure was \$189,289, or \$2,475 less. In legislation the expenditure was \$123,002, or \$598 less than the estimate. The expense of administering justice has been \$324,495, leaving an unexpended balance of \$48,470. Our expenditure under the head of institutions maintenance was \$650,744, or \$10,362 less than the estimate. For education we have spent \$570,560, or \$4,498 less than the estimate. For immigration we took a vote of \$16,900, while we have spent only \$11,795. I may say that the expenditure for immigration is going down rapidly in accordance with what I believe to be the course of public sentiment. In 1883 the expenditure under this head was \$47,764; in 1884, \$43,369; in 1885, \$19,083; in 1886, \$16,837, and in 1887, \$11,795, and we propose still further to reduce the amount during the present year. In agriculture, out of an estimate of \$139,886 we have an unexpended balance of \$9,319, and I am happy to be able to inform any gentleman who may have taken up the mantle of the former member for Peterboro' (Mr. Carnegie) that the expenditure upon the model farm and college have been largely decreased.

THE MODEL FARM.

The estimate on the college was \$19,815, and the actual expenditure was \$17,136. The estimate for the farm was \$14,196 and the actual expenditure \$12,471. The creamery department has again been carried on on a self-sustaining basis and the sum of \$404 has been divided as a surplus. No doubt it would be interesting to the farming portion of the members to know what was paid, and I may therefore give the rates paid during the summer. In May we paid 14c. Of course it will be understood that that represents the cream necessary to make a pound of butter, so that this price was paid to the farmer for the cream at his own door without any trouble of manufacturing. In May and June we paid 14c, in July 15c, in August, September and October 17c. The next item of expenditure is repairs and maintenance, for which we asked \$56,580 and spent \$63,250, an over-expenditure of \$6,670. This over-expenditure is mainly due to expenses incurred in connection with this building and changes in Government House made necessary by the change in its occupancy. The over-expenditure in these buildings was \$2,479. I should think that these constantly recurring expenditures would reconcile to the plan of having new buildings even those who have been opposed to them. (Hear, hear.) For public buildings we asked \$313,333. Our expenditure was \$234,772, leaving unexpended \$78,562. The main items unexpended are in connection with the Hamilton Asylum, for the erection of cottages there, improvements at Orillia and proposed changes in the Education Department, which have not yet been carried out. For these, of course, re-votes are asked in the estimates for the present year. For public works the estimates were \$61,061, the expenditure being \$40,490, leaving \$20,071 unexpended. For colonisation roads we asked \$117,550. The expenditure was \$122,994, being an over-expenditure of \$5,424. For the charges on Crown lands we asked \$96,900, and spent \$94,533, being \$2,362 less than the estimate. For refunds the estimate was \$31,998, expenditure \$24,729, leaving an unexpended balance of \$7,269. For statute consolidation we estimated \$33,650 and expended \$27,759, or \$5,891 less than the estimate. For miscellaneous we asked a vote of \$137,095 and expended \$141,816, being an over-expenditure of \$4,721. That was exclusive of \$10,000

voted for enforcing the Canada Temperance Act, which is treated separately in the public accounts. On this service of

ENFORCING THE CANADA TEMPERANCE ACT, there was an over-expenditure of \$13,125, the whole expenditure being \$24,525. Our total expenditure under the Supply Bill was \$2,864,713, while the estimated expenditure under the Supply Bill was \$3,085,771, or an expenditure of \$221,058 less than the estimate. Let us now compare the ordinary receipts and expenditures. As before stated, our ordinary receipts were \$3,133,211 and the expenditure and the Supply Bill \$2,864,713—that is to say, our ordinary receipts are in excess of our ordinary expenditures by \$268,497. (Cheers.)

Mr. MEREDITH—That includes the \$400,000 received from the timber sale. You don't call that ordinary expenditure, do you? Hon. Mr. ROSS—That class of receipts has always been put down as ordinary revenue, and we could not class them one way this year and another way the next. How does this compare with our estimates? We estimated last year that our receipts would be \$2,783,125, and our expenditure under the Supply Bill at \$3,085,771. That is to say, had our expenditures and receipts been as much as we looked forward to, there would have been an over-expenditure of \$297,646. Instead of that the

RECEIPTS EXCEEDED OUR EXPECTATIONS by \$258,497, and between increase of receipts and reduction of expenditure, as compared with the estimates, we are \$555,143 better off than we expected we would be at this time. (Loud cheers.) But the leader of the Opposition says:—"You have the receipts from the timber sale of last year and they are not ordinary receipts." For the sake of argument let us deduct the amount received from the timber sale, \$399,958, and we still find that we are \$156,108 better off as regards ordinary receipts and expenditures than was estimated. (Renewed cheers.)

Mr. H. E. CLARKE (Toronto)—Are the annuities ordinary receipts?

Hon. Mr. ROSS—The annuities were not ordinary receipts, nor is the taking up of the old indebtedness ordinary expenditure, so that one balances the other so far that is concerned. (Renewed cheers.)

as we had extraordinary receipts, so we had extraordinary expenditure. These are as given in the statement:—

Drainage debentures (municipal).....	\$ 16,365
The	13,300
Railway aid certificates.....	247,982
Annuity.....	45,950
Municipal loan fund.....	177
New Parliament buildings.....	164,578
Land improvement fund (special).....	794
Common school lands.....	100,000

I may say that the last sum was paid to the Province of Quebec, the amount we held for them of the Common school fund. Let us see what the total results of the operations have been, including both ordinary and extraordinary receipts and expenditure. Our total disbursements have been \$3,454,372. Our total receipts, as before stated, were \$3,846,924, but if we take from that the amount received for the bonds sold—\$320,423—we leave our total receipts—exclusive of the sale of the bonds, which was the transfer from one investment to another—\$3,526,500. Thus there is

A BALANCE TO THE GOOD

of \$72,128—(cheers)—and that, recollect, includes the expenditure on the new Parliament buildings and the \$100,000 paid to the Province of Quebec as mentioned. Coming now to the financial position of the Province, let us look at the assets and liabilities. The first item in our assets is \$200,000 of unsold bonds, with premium calculated at the rate at which the others were sold of \$14,000. The drainage 5 per cent. debentures, invested 31st December, 1887, \$193,703; tile drainage 5 per cent. debentures, \$51,039; drainage works, municipal assessments, \$254,784, or a total of drainage debentures now only chargeable with 4 per cent. interest, formerly 5 per cent, \$495,526. It will be recollected that last year I stated that it had come to my knowledge that, owing to an inaccurate system of bookkeeping, the balances given did not accurately represent the present value of those securities. It was claimed by gentlemen opposite that in some cases where reductions had been made by Order in Council the reductions had not been made in the account. On making an examination I found that this was due to the fact that in some cases where amounts were paid partly on capital and partly on interest they were allowed wholly as reduction of capital. Hon. gentlemen may perhaps be aware that under the old drainage debenture system the amount loaned is expected to be repaid with interest in twenty-two equal instalments. The accountant had credited the whole of these in reduction of capital, and the result was to make the securities appear of less than their present value. I informed the House then that I would have the necessary corrections made, and I am happy to say that the result has been an in-

crease in the amount to the credit of the Province for this item. Then there is the capital held by the Dominion and bearing interest, which is the same as before, viz., \$6,754,877. The other debts due the Province are

Balance re municipal loan fund debts.....	\$4,850
" re mortgage on land at Orillia Asy- lam.....	1,500
" re Mimico lots.....	5,611
Total.....	\$11,961

And there are the bank balances as follows:—

Bank Balances—	
Current accounts.....	\$226,666
Special deposits.....	346,579
Total.....	\$573,245

Last year on current account we had a bank balance of \$107,549 and a special deposit of \$87,285, a total of \$194,834, an increase this year over last of \$378,401. The House will have observed from the auditor's report, which prefaces the volume of public accounts, that the Legislature is informed that a discrepancy was found to exist between the balance in banks, as shown by the accountant's ledger balance in the public accounts, and the balances as they appear in the books of the banks; and that a thorough examination has taken place of the whole bank accounts from 1867 to the present time, resulting in the discovery of errors and omissions during that period affecting the balance to the amount of \$14,680. In further explanation of this I may say that in 1885 it was brought to my notice that the bank balance appearing in the accountant's ledger did not apparently agree with the balances as shown in the books of the several banks with which the Province does business. I found that from 1867 to 1879

NO ACCURATE RECORD

had been kept in the audit department of the cheques issued, nor any systematic checking of the entries in the bank pass-books with the books in the Treasury Department by the accountant. After the appointment of the present auditor, Mr. Sproule, in 1879, a correct and continuous record of cheques issued was established and the bank books checked with the same, but the balance with which this record commenced was taken from the treasury ledger, and that balance being inaccurate, the inaccuracy had thus been continued. When this condition of affairs was brought to my notice I determined that an immediate and thorough examination must be made to locate the discrepancies, and I called in the services of Mr. W. F. Munro, an expert accountant not connected with the department or the Government, and set him at the work. It will be readily understood by those conversant with bookkeeping and accounts that a thorough examination of the whole banking transactions of the Government with eight or ten banks for a period of 20 years, involving the receipts and expenditures of

UPWARDS OF FIFTY MILLIONS OF MONEY,

was a work involving great time and labor. The difficulty of the work was aggravated by a faulty system of bookkeeping inaugurated in the first years of the Province under Confederation. Mr. Munro proceeded with his examination, and presented his report and voluminous statements in July, 1886, showing discrepancies both in receipts and deposits. This report was submitted to Mr. Harris, the accountant, for explanations. He denied in toto the accuracy of Mr. Munro's statement, and he was accordingly asked to give such explanations as he could or show where Mr. Munro's report was inaccurate. Mr. Harris asked expert assistance. As his accuracy as a bookkeeper and accountant was involved in the result of this examination, his request was granted and he was allowed to choose his own assistance. He called in Mr. Blakeley, who proceeded, with Mr. Harris' assistance, to make a re-examination. Mr. Blakeley submitted statements in December last, giving the results of his examination, which corroborated Mr. Munro's report as to some of the errors and omissions and disagreed with him in regard to others. In the meantime Mr. Sproule, the auditor, had been preparing a complete record of all the cheques issued from 1867 to 1879, which, with that which had been kept from 1879 onwards, would form a complete record for the whole period since Confederation. Upon the receipt of Mr. Blakeley's report it, together with Mr. Munro's, was then submitted to the auditor for re-examination. This examination by the auditor was only brought so far to completion on the 9th instant as to enable him to report definitely the

AMOUNT OF THE EXISTING DISCREPANCY,

which, as stated in his report, is \$14,680. Most of this is made up of bookkeeping errors, but there is part of the difference which apparently seems to involve errors of a graver character. It appears that during the years 1875-6-7-8-9 cheques to the amount of \$5,833 11 are charged as paid by the banks, which do not appear entered in the treasury books, nor are the cheques found amongst the returned cheques on file in the department. There are only two ways that may be suggested as accounting for this—either the banks have er-