

Some one has fraudulently cashed unauthorised or forged cheques. Circumstances lead me to the latter conclusion, as during the years in which these erroneous charges occur the preparation and filling up of the cheques was done by an officer of the department who was discharged from the service of the Government since that time for incorrectness in dealing with money matters entrusted to him. Mr. Sproule's statement also shows that between 1872 and 1876 the total deposits are short of the receipts by \$2,213. These are not yet definitely located. Further examination, which

is now proceeding, I hope will show that this discrepancy will be accounted for without imputing anything more serious to the officer responsible than careless inaccuracy. I should have preferred that these latter discrepancies should have been definitely located before reporting to the House, but, as before stated, the auditor was only able to report definitely the amount of the discrepancy on the 9th inst., and having discovered the inaccuracy in the balance heretofore carried into the public accounts, both he and I considered it our duty at the earliest moment to bring this to the attention of the House and place the true bank balances in the statement of assets, as I have now done.

Mr. MEREDITH—What were the years in which these discrepancies appear?

Hon. Mr. ROSS—From 1875 to 1879, inclusive.

Mr. MEREDITH—When was this officer discharged?

Mr. ROSS—About three years ago. I may say he is now in the civil service of the Dominion Government. (Great laughter and cheers.) The liabilities of the Province at present payable include:—Balance due to municipalities in surplus distribution, \$1,291; balance due municipalities re land improvement fund, \$3,256; Quebec's share of the Common school fund, \$379,711. Taking the liabilities from the assets, it leaves us with

A SURPLUS OF ASSETS

of \$6,665,352. (Loud cheers.) Before leaving this branch of the subject it will be well, in connection with the drainage loans, to which I have referred, to mention that under the Act reducing the rate of interest from 5 to 4 per cent., I have caused calculations to be made in regard to every loan on the new interest basis. Hon. Mr. Ross then went on to explain that to arrange a system of annual payments, paying off the securities in the number of payments at first arranged, would require very elaborate calculations, such as many of the municipal clerks could not be expected to engage in. It was decided rather to arrange for payments as provided in the by-law giving credit at the close of the transaction for the necessary deduction. He gave an example of a loan of \$100 on which six payments had been made before the reduction of interest. The payments would continue, but instead of twenty payments there would be eighteen full payments and \$7.63 on the nineteenth, that is, the debtor would be relieved of one payment and 32 cents on another. He continued:—I am sorry, Mr. Speaker, that I am not able at the present time to report any definite steps in connection with the unsettled accounts between the Dominion and the Province. The absence of the Finance Minister and Deputy Finance Minister in England since the closing of the House and afterwards their engagements in connection with the Fisheries negotiation has prevented them from taking up this question. But though no definite settlement has been made we are not without some progress in the direction of a settlement. We have removed some of the difficulties which stood in the way of a settlement. One of these, between Ontario and Quebec, was the interpretation of the award in connection with the Upper Canada improvement fund, a question in which a large number of the municipalities are interested. I may be permitted to go over, to some extent, the same explanations I have given before. One of the questions between Ontario and Quebec related to the Upper Canada improvement fund upon Crown lands. Quebec disputes the liability of the late Province of Canada. The position taken by Ontario is in the possession of the House in correspondence already brought down. I need not go into the history of the question, but I may premise that the fund was created by Order in Council in 1853, and provided that one-fourth of the school lands and one-fifth of the Crown lands should be set apart as an improvement fund for the construction of roads and bridges and local works in the counties and municipalities in which the lands were situated. Our contention is that the Order in Council of 1861, although it put an end to the fund so far as future claims were concerned, did not put an end to it so far as related to collections already made.

THE AMOUNT IN DISPUTE

between Ontario and Quebec is \$101,781. Ontario as a Province has nothing to gain from a settle-

ment in connection with this fund, but, in the interests of the municipalities of Ontario, the Government feels it to be its duty to press the claim. It has been agreed to refer the matter to the arbitration of judges. Eminent counsel are to be employed by the Government, and I would suggest that the municipalities should engage associate counsel, so that there may be no question that the rights of the municipalities will be looked after. Another matter that is to be referred to arbitration is the liability in connection with the Common school fund. When we get these bad questions settled I think we shall have all difficulties removed.

Mr. MEREDITH—Are these the only questions Quebec raises?

Mr. ROSS—These are the main questions. I will ask you now to consider the estimates for 1883. For civil government you will see we ask this year \$195,195, against \$191,675 last year, an increase of \$3,460. This is necessary because of increase in the work, and because experienced and valued officers expect increases in their salaries and these increases cannot well be avoided. For legislation we ask \$122,050, as against \$123,600, a decrease of \$1,550. For administration of justice the estimate is \$364,296, while for a similar service last year we asked \$273,965, a decrease of \$8,430. The principal points of reduction are Crown counsel \$2,000, and for criminal justice \$5,000. The estimate for education is \$580,062, as against \$575,258 last year, an increase of \$4,600, of which \$3,000 is for new and poor schools in the new districts and \$1,500 in connection with the High schools. For public institutions maintenance the estimate is \$703,624, against \$661,106, an increase of \$42,500. This is consequent upon the completion and occupation of the new buildings at Hamilton and Orillia for the insane and idiotic. For several years we have always expressed the hope that every new building we have erected would be enough to meet the requirements of the insane for some years. But as each building is completed the necessity seems to spring up for further accommodation, and that accommodation the Government feels itself bound to supply, as far as it is possible. (Cheers.) Instead of \$16,900 for immigration we ask for only \$7,700, a reduction of \$9,200. I think that reduction is in accordance with public sentiment. We propose to confine our operations to the maintenance of the sheds and the distribution of immigrants as they come. For agriculture we ask \$136,131 as against \$139,886 last year, a reduction of \$3,755. I may say that it will be noticed, according to the estimates, that reduction is mainly in connection with the grant to the Agricultural and Arts Association, that portion of the grant to assist in holding the Provincial Exhibition. While the Government have not come to any definite conclusion as to whether that exhibition should be continued or not, we thought it best not to provide for it, but to take the sense of the House upon it whether the exhibition should be continued this year or not. There was considerable objection made last year to the continuance of the exhibition. But it was urged with irresistible force, as it then seemed to me, that it should be continued for a year, as it was to be held in the eastern part of the Province and ought not to be interfered with. The exhibition was held, as arranged, but was not a financial success. Regarding the hospitals and charities, in respect of which the estimate is \$113,277, an increase as compared with last year of \$7,155, that increase is made necessary by the increase of work done under the Act. For maintenance and repair of public buildings we ask this year \$231,412, against \$313,334 last year, a reduction of \$81,922. Of course the supplementary estimates may increase that when they come down. I may mention, in connection with this, that it is but rarely the full amount voted for public buildings is expended.

IT IS IMPOSSIBLE TO FORESEE

what progress contractors will make with the works they have in charge, and the only safe course, therefore, is to ask for what may complete the works, but as they are not all completed within the year the appropriation is not used up. I do not know that there are other items to which I need specially refer, except that for statute consolidation. The amount we ask is \$21,500, which is the estimate for completing the work. It may be of interest to know what amount has been expended upon that service up to the present time. The total expenditure has been \$47,765, to which, if you add \$21,500, the vote for this year, the total is found to be \$69,265. The cost of the 1877 consolidation was \$73,787. Under the head of miscellaneous, we ask \$68,100, against \$137,095 last year, and an expenditure of \$141,816. The estimate last year included the cost of the general elections, which amounted to \$69,549. Two items only under this head call for remark. One is the amount asked to carry out the enforcement of the Canada Temperance Act, \$25,000. In 1877 we asked

for \$11,400, but spent \$24,595. We hear our Temperance friends are finding fault with the Government for not doing its duty in the enforcement of the Act. I think we can fairly point to our expenditure last year and to our proposed expenditure this year in answer to this. (Cheers.) I may say that the cost of the enforcement of the Act is much more onerous upon the Government than upon the municipalities, and yet it is the people of the municipalities who bring the Act into force. It would be much more reasonable that they should bear the brunt. (Cheers.) In fact the municipalities are making a direct profit out of the Act under the system which hands the fines over to them. The Government have some right to complain that when the Provincial Government agreed to assume the responsibility of enforcing the Act, the Dominion Government should place the fines so that they are not available for the administration of the law by giving them to the municipalities, leaving the bulk of the expenditure upon the Province. I will give the House a few figures to show the working of the system. In 1887 the municipalities received in fines \$94,808. They were asked to contribute their proportion of the expenditure, two-thirds. This amounted to \$44,563. Deducting that from the \$94,808, the municipalities are left with a profit during last year of \$50,245, against a clear loss of expenditure by the Government of \$24,595.

Mr. MEREDITH—Moral: pass the Scott Act. (Laughter.)

Mr. ROSS—No; the moral is that the hon. gentlemen's friends in Ottawa should amend their Order in Council so that the fines will go to the general funds of the Province, and the municipalities will only be asked to pay the difference. It may be said that the municipalities lose the revenue by the operation of the Act. Taking a close estimate of the amounts received by the municipalities before the Act came into force, it may be estimated that they have lost \$135,000. If we deduct from this their profit of \$50,245, we find that their net loss is \$84,755. The Government, on the other hand, has paid directly in cash \$24,596, and they have lost in revenue \$124,000, making a total loss to the Province of \$148,596, against a loss to the municipalities of \$84,755. The figures I have given, I think, show that the Dominion Government ought to amend their Order in Council so as to give the Province the fines collected, and let the difference be provided by the Province and the municipalities.

INSURANCE.

It will be noticed that the item of insurance of buildings is not carried out in the column of 1888. There is, no doubt, a difference of opinion as to the policy of a Government insuring its buildings. The experience of a large number of years is necessary for the formation of an accurate judgment; but when reasons are pretty well balanced, the introduction of a new element—uncertainty in collecting insurance—appears to decide the question and to leave no doubt that the Government should not insure in the companies, but should do its own insurance. Last year a portion of the main building of the London Asylum, described as a kitchen and laundry department, was destroyed by fire. It was supposed by the Government that that portion of the building had been covered by insurance for the last twenty years; but when a claim was made nearly all the companies disputed it on the ground that the building was not properly described as part of the main building. We concede that the companies are not acting as they ought to act in taking advantage of a technicality to refuse payment, and I think it only fair to mention the honorable conduct of the Hand-in-Hand and Queen City Insurance Cos., who have paid the claim. But if technical objections like these are to be taken when a loss occurs, the prudence of paying claims is very much to be questioned. Under these circumstances the Government have asked for an appropriation for insurance, and when the policies expire, the Government will do its own insurance. In our ordinary estimates we ask altogether for \$2,938,724.52; then there are certain statutory expenses outside of the estimates, namely, railway certificates \$247,982, and annuities \$52,200; so that the total anticipated expenditure is \$3,238,906.

ESTIMATED RECEIPTS.

Our estimated receipts for the next year are as follows:—

| ESTIMATED RECEIPTS, 1888. | |
|---|----------------|
| Subsidy | \$1,196,872 80 |
| Interest on capital held and debts due by the Dominion to Ontario | \$ 279,111 10 |
| Interest on investments | 40,000 00 |
| | 319,111 10 |
| Crown Lands Department:— | |
| Crown lands | \$ 74,600 00 |
| Clergy lands | 7,000 00 |
| Common School lands | 16,000 00 |
| Grammar School lands | 2,600 00 |
| Woods and forests | 1,300,000 00 |
| | 1,399,600 00 |