

sum voted by the Dominion to the Province by the B. N. A. Act for its expenditure. The amount estimated last year was \$705,664 50, and the amount actually expended amounted to \$738,191 19 over that figure. Of this amount \$7,309 went to the insane and idiot asylums and to the institutions for the deaf, dumb and blind, the remaining \$164,882 went to the institutions for the criminal and insane. In 1884, the hon. Treasurer continued, he had submitted to the House figures made up for ten years showing what had been the cost of maintaining those institutions, and giving his conclusions for all apparent requirements of all lunatic and idiot asylums for several years to come in the way of enlargement and increased accommodation. The hon. gentleman then gave a number of statistics showing that while the number of inmates of the institution for deaf, dumb and insane had remained almost stationary since 1883, whether taking the total number of inmates or the daily average, the number of inmates of the asylums for the insane and for idiots had increased continuously ever since Confederation. At every session large sums had been voted for enlarging the institutions, and yet it was an unfortunate fact that so soon as they were enlarged they were immediately filled to overflowing. The excessive increase of these unfortunate classes confined in these institutions, the hon. Treasurer said, was largely due to the character of the immigrants. The latter were not looked carefully enough and some of them were really direct transfers from the ship to the asylum. In the United States the foreign born population amounted to one-third of the entire population and yet furnished as much as one-third of the insane. In Ontario the proportion of the foreign population was 22.29 per cent, but furnished 47.88 per cent. of the insane and idiot population.

**Amount spent on insane and idiot**

asylum buildings \$2,181,446, on buildings for the deaf and dumb and blind \$458,986, and for the Central Prison and reformatories \$3,427,855. For the maintenance of all these there had been spent since Confederation \$8,763,744 73, of which \$5,710,776 78 had gone to the insane and idiot asylums. To this large sum might be added the amount spent on kindred institutions in the shape of hospitals, etc., viz., \$1,439,891, making a total of \$13,627,090. The next item touched on was that for public buildings. The actual expenditure here fell \$91,638 44 short of the amount estimated, and that for the item "public works" fell \$7,626 short of the estimate. The charges on Crown lands were \$5,166 short of the estimate. For consolidation of statutes the estimate had been exceeded by \$9,894. The total expenditure on the consolidation up to the present time was \$79,160 23. The consolidation completed in 1887 cost \$73,787. But there would be over 300 more pages in the present volumes than in the former, and the figures also included the indexing of both. Further, the Government held type in connection with the printing of the volumes to the value of \$20,000. Under the head of miscellaneous the Government had expended \$53,070 less than the estimate, and in refunds \$251 less. Thus

**THE TOTAL OF EXPENDITURE**

under the Supply Bill had been \$3,007,037 02, as against an estimate under the same of \$3,125,804 12, being an expenditure of \$118,767 10 less than was asked for. The total ordinary receipts were \$3,489,044 81; so that there was an excess of receipts over expenditure of \$482,007 79. The hon. speaker took up then the statutory expenditures outside the Supply Bill. This amounted in all to \$529,211 49, including for the new Parliament Building \$159,203 23. In all the receipts, ordinary and otherwise, were \$3,587,421 78, and the expenditure, ordinary and otherwise, \$3,536,243 46, leaving a balance on the side of receipts of \$51,173 52. The year opened with \$575,433 in the banks, that being the corrected amount according to the auditors' books. Out of the receipts of the year the Government had provided for the usual services, and had made liberal grants to various institutions. It had expended on public and other buildings \$493,497, had paid off railway and annuity certificates amounting to \$300,182, and at the close of the year they had at their credit \$628,944 14, which is \$53,511 larger than at the beginning of the year.

**ASSETS AND LIABILITIES.**

**IMPORTANT ARGUMENT BY THE TREASURER CONCERNING THE DOMINION-ONTARIO**

**DEBT.**

The Hon. Treasurer then proceeded to discuss the investments, interest bearing, and cash assets of the Province as follows:—

**INVESTMENTS, INTEREST BEARING, AND CASH ASSETS OF THE PROVINCE.**

(1) Direct investments:—		
Dominion 6 per cent. bonds.....	\$200,000 00	
Market value over pay value	14,000 00	\$ 214,000 00
Drainage 5 per cent. debentures, invested, 31st Dec., 1888.....	205,381 17	
Tile drainage 5 per cent. debentures, invested, 31st Dec., 1888.....	72,948 61	
Drainage works—municipal assessments....	242,228 77	520,558 55
		\$ 734,558 55
(2) Capital held and debts due by the Dominion to Ontario, bearing interest:—		
U. C. Grammar school fund (2 Vic., cap. 10) \$	312,769 04	
U. C. building fund (18 sec., Act, 1854) ..	1,472,391 41	
Land improvement fund (see award)....	124,685 18	
Common school fund (Consol. Stats., cap. 26)—proceeds realized to 1st July, 1887, \$1,520,959 24—after deducting land improvement fund portion belonging to Ontario.....	891,201 74	
Capital declared owing to the late Province of Canada by the Dominion Act (47 Vic., cap. 4)—\$5,397,503 13, bearing interest at 5 per cent. Ontario's proportion on basis of award as advised by Finance Department .....	2,848,289 52	
Ontario's share of library (see award).....	105,541 00	5,754,877 89
(3) Other debts due to the Province:—		
Balance re municipal loan fund debts....	850 00	
Balance re Mimico lots.....	3,225 00	4,075 00
(4) Bank balances:—		
Current accounts.....	57,364 39	
Special deposits.....	571,579 75	628,944 14
<b>Total.....</b>		<b>\$7,122,455 58</b>

**LIABILITIES OF THE PROVINCE AT PRESENT PAYABLE.**

(1) Balance due to municipalities re surplus distribution .....	\$1,291 34
(2) Balance due to municipalities re land improvement fund—interest .....	3,256 57
(3) Quebec's share of Common school fund made up as follows:—	
Collections to 31st Dec., 1888, on account of lands sold between 14th June, 1853, and 6th March, 1861.....	\$889,485 03
Less 6 per cent. cost of management....	53,369 10
	\$836,115 93
Less one-quarter for land improvement fund .....	209,028 98
	\$627,086 95
Collections to 31st Dec., 1888, on sales made since 6th March, 1861.....	\$317,594 09
Less 6 per cent. cost of management....	19,055 64
	298,538 45
	\$925,625 40
Quebec's proportion according to population of 1881.....	383,257 82
<b>Total.....</b>	<b>\$387,805 73</b>

Surplus of assets after deducting liabilities presently payable.... \$6,734,649 85

In reference to the drainage debentures, it would be seen by statement No. 3 of the Public Accounts that there were certain

**ADJUSTMENTS AND CORRECTIONS**

in the consolidated fund. These entries did not in any way affect the cash balances, but were merely bookkeeping entries to correct bookkeeping errors of the late Assistant-Treasurer. When the Act reducing the interest on drainage loans was before the House in 1887 he (Mr. Ross) explained that, owing to a want of knowledge

of proper bookkeeping, the then Assistant-Treasurer had not kept these accounts in proper form, and the result was that the larger balances, purporting to represent drainage assessment, drainage debentures and tile drainage, did not actually represent the present value or balance of capital expenditure in regard to these loans. To illustrate how Mr. Harris dealt with them, he said the provision of the Tile Drainage Act were that for every \$100 loaned the borrower was to pay \$8 a year, represented by coupons for twenty years, \$5 of which was for interest and \$3 on account of principal. When these \$8 coupons were paid, Mr. Harris credited the whole to tile drainage, instead of crediting \$5 to interest and \$3 to tile drainage. He made the same error in regard to drainage assessments. Some of the municipal drainage debentures are on the instalment plan, and he treated them in the same way. There is some cases where reductions were made in drainage assessment loans by Order in Council. Mr. Harris, while taking account of these reductions in the drainage books, did not carry them into the general ledger accounts.

These adjusting entries in statement No. 3 were to correct the errors. Neither the Treasurer nor Government could be held responsible for such errors unless for the responsibility of keeping an incompetent official. It was utterly impossible that the Treasurer could personally examine every entry in the cash book or journal. As soon as he became aware of how Mr. Harris was keeping the accounts he took steps to put them on a proper footing, and the Government, however reluctant to remove officials of long service, concluded that a change must be made in the office of Assistant-Treasurer, and Mr. Harris was asked to resign. He was not appointed by this Government, but by that of Sandfield Macdonald. A new Assistant-Treasurer had been appointed of large experience in banking and financial matters, and he (Mr. Ross) had had a new set of books and a different system adopted, which would simplify and bring under more thorough check the transactions of the Treasury Department. Before Mr. Harris resigned he pressed upon him the adoption of this new plan, but it was difficult to get those long accustomed to one method to accommodate themselves to changes.

In former years the contention had been frequently made that these funds in the hands of the Dominion ought not to be taken as assets. That contention, in view of the admissions of the Dominion accounts, could no longer be made with any show of reason. The Dominion, in the accounts furnished to the Province, admit them all as credits at exactly the amounts given in this statement, with the exception of the Common school fund. This they hold at the joint credit of Ontario and Quebec, and we only took credit for our share of it, upon which share the Dominion paid Ontario interest half-yearly. In the recast of the accounts sent by the Dominion in 1886 they admit a balance to the credit of Ontario of \$4,175,276, adding to which our share of the Common school fund, \$891,202, made a total credit of \$5,066,478, while in our statement we placed the amount at \$5,754,877. This difference was caused by the Dominion charging various payments made on account of Ontario since Confederation. Within the last few years, however, another recast of the accounts had been received from the Finance Minister which showed a largely reduced balance to the credit of the Province as compared with the statement of 1885. Referring to this particularly Mr. Ross said:—In regard to the adjustment of these UNSETTLED ACCOUNTS WITH THE DOMINION.

I was in hopes that I would have been enabled to announce to the House at the session that a final settlement had been effected of all outstanding accounts, except perhaps those preposterous Indian claims which I on a former occasion referred to, and which by consent have been pigeon-holed, and from which I trust they will never again be resurrected. I think this settlement would by this date have been accomplished had progress not been blocked by the extraordinary attitude assumed by the Finance Minister of the Dominion as to the interest to be allowed and charged upon the current balances of these accounts, namely, that only simple interest, at 5 per cent., instead of compound, as agreed upon, would be allowed. The position taken by the Dominion is of such serious import to the Province that I think it proper to put the House and the people of the Province in possession of the facts. The B. N. A. Act, under which the old Province of Canada, comprising Ontario and Quebec, was merged in the Dominion, contained provisions for the settlement of the debts and liabilities of the old Province. Certain of the assets were declared by that Act to belong to Ontario and Quebec conjointly, and