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# REPORT

OF THE

## SELECT STANDING COMMITTEE ON PUBLIC ACCOUNTS.

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*Mr. Speaker :*

Your Committee on Public Accounts herewith submit the following papers and returns asked for in pursuance of their investigations into the Public Accounts:—

1st. Copy of Order in Council, approved 22nd June, 1889, in relation to a complaint of the Canadian Pacific Railway Co. to the effect that the assessment of the Company's property last year was altogether excessive, and recommending that the assessment be reduced one-half.

2nd. Detailed statement of miscellaneous receipts for the year ended 30th June, 1889.

3rd. Detailed statement of miscellaneous receipts for the half-year ended 31st December, 1889.

4th. Items in detail as brought to account at the Treasury under the head of Printing Office Receipts for the fiscal year ended 30th June, 1889.

5th. Items in detail as brought to account at the Treasury under the head of Sale of Government Property, for the fiscal year ended 30th June, 1889.

6th. Items in detail as brought to account at the Treasury under the head of Reimbursements in Aid during the fiscal year ended 30th June, 1889. Also for the half year ended 31st December, 1889.

Your Committee beg leave to report that in regard to the assessment reduced to the Canadian Pacific Railway Company, it is provided by the Revenue Act (Consolidated Statutes, 1888, Chap. 102, Sec. 47), that in case a remission of taxes is made by the Executive Government "a detailed statement of such remissions shall be annually submitted to the Legislative Assembly within the first fifteen days of each ensuing Session thereof." This statutory requirement was not complied with by the Government, as the Legislative Assembly met on the 23rd January of this year, and a detailed statement of such remission was not submitted to the Assembly by the Government until the fifth day of this month, being forty-two days, inclusive, in which the Legislature was in Session before such statement was submitted. Your Committee are of opinion that the requirements of a Statute should be observed. In this case it was no doubt an oversight.

That the late Superintendent of Police, H. B. Roycraft, was, in addition to holding that office, a Stipendiary Magistrate and Collector of Revenue; that as such, in addition to the revenue which came into his hands, the Treasury Department made cash advances to him, often of considerable sums. That the security held by the Government was a bond for one thousand dollars of the Guarantee Company of North America, which was deposited in the Provincial Secretary's office under the "Civil Officers' Security Act, 1872," by Mr. Roycraft, the Government paying annually the premium of \$9.

That on the 16th July, 1889, Mr. Roycraft obtained a cash advance of one hundred dollars from the Treasury and left the Province.

That an examination of the books and papers left by that official showed that he had collected eighty-six dollars in June, 1889, which he had not paid into the Treasury; and a further sum of one thousand five hundred and sixty dollars, seventy-five cents, in July, which sum also he had not paid in.

That after his departure in July the amount of sixty-four dollars, ten cents, was paid into the Treasury for licenses issued by him, but for which the cash had not been paid, and for money found in his safe.

That the Guarantee Company of North America paid the one thousand dollar bond into the Treasury, and the public, as far as we know, are six hundred and eighty-two dollars, sixty-five cents, out by Mr. Roycraft's defalcations.

That he was supposed to pay his collections of revenue once a month into the Treasury, but did not always do so promptly.

That although he is known to have held eighty-six dollars of the June collections in his hands on the 30th June, 1889, the Public Accounts and Balance Sheet of the Province at that date, as printed and placed before the Legislature, do not show that sum, or any amount, as having been in his hands.

Your Committee further find that a very large proportion of revenue is paid by the public into the Lands and Works Department, in addition to large sums paid out of the Treasury to that Department as cash advances. An audit of the books of the Lands and Works Department has not taken place for years.

Similar advances of smaller magnitude are made by the Treasury to the Attorney-General, the Provincial Secretary, and other officers.

Your Committee are informed that the Lands and Works Department pay revenue into the Treasury once every week, and sometimes more frequently.

Your Committee find by examination of the method in vogue that a much more complete system of supervision over Collectors of Revenue, and more frequent and regular payment of their collections into the Treasury, and a full and practical audit of the books and accounts of every official entrusted with the collection and payment of public money, is highly essential, both in the interest of the public and the officials; and they are informed by the Minister of Finance that the Government intend taking the question up.

Your Committee have further to report that they have examined into the collection of timber licenses and royalties, and while fully recognizing the difficulties surrounding the introduction of a system of the kind, are of opinion that the publication of an annual return showing the monthly amounts paid by each contributor, the rebate made, and such other particulars as are essential to a complete knowledge of the working and compliance with the law would be beneficial.

S. DUCK,  
*Chairman.*

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 PAPERS AND RETURNS.
 

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The Committee of Council have had under consideration the letter of Messrs. Drake, Jackson & Helmcken, dated 19th June instant, a copy whereof is hereto attached, contending that the assessment on the Canadian Pacific Railway Company's property in the Province last year was altogether excessive; setting forth the grounds for such contention, and offering, as a compromise, to pay one-half the amount claimed under said assessment.

The Committee, in view of some of the grounds presented in said letter, and in consideration of the fact that the Company cannot avail itself of the right of appeal provided since the assessment in question was made, as well as with a desire to avoid litigation, recommend that the offer of one-half the amount (*i. e.*, \$31,462.50) be accepted, provided payment be made on or before the 30th instant.

Victoria, 22nd June, 1889.

(Signed) JNO. ROBSON,  
*President Executive Council.*

Approved 22nd June, 1889.

(Signed) HUGH NELSON,  
*Lieutenant-Governor.*

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VICTORIA, 19th June, 1889.

*Honourable John Robson.*

DEAR SIR,—With respect to the taxes claimed against the Canadian Pacific Railway, we beg to point out for your consideration that the assessment is not based on the value of the property as defined in the Assessment Act, which is the cash value as appraised in payment of a just debt from a solvent debtor. The evidence of Mr. McLennan was, as he stated, based on the average cost of construction of railway and the value of the line as regarded its connections outside the Province. This, from the whole context of the Act, we submit, is an incorrect view. The value for assessment should be the value as a line within the Province, and the assessment should be based on the value of the land plus the structures, and independent of the connections. If this basis be taken, then the present assessment is enormously in excess of the value of the line, the railway having been run at a loss. The Company have over 4,000 miles of line outside the Province (including their terminal facilities in Montreal and Toronto) and elsewhere, and the amount of municipal and provincial tax combined in the other Provinces, is less by nearly \$20,000 than the amount charged in this Province for 500 miles. It is hardly necessary to point out that the cost of a line is in the inverse ratio to its value. The cost of keeping an expensive line in repair is more than ten times as great as that of a line running over a level country, and the fact that the line in British Columbia has cost a large sum per mile detracts from its value as a taxable asset.

When the appeal came on before the Court of Revision we were unable to produce the evidence of Mr. Cambie, who was daily expected from the east, and we were refused an adjournment sufficient to enable us to lay his testimony before the Court. If that evidence had been brought forward, we have little doubt that the result would have been very different, as he was thoroughly acquainted with the whole line and would have completely answered Mr. McLennan's evidence, who is a contractor only, and who had not a tithe of the experience of Mr. Cambie.

We are instructed by the Company to take proceedings in the Supreme Court for testing the validity of the Assessment Act and for appealing against the judgment of the revisor on various grounds, and all the papers are ready; but we should prefer to arrange a settlement on a reasonable basis, if this can be done.

We may further mention that the Company pay indirectly very heavily for the \$3 head tax, as every man they employ knows of the tax and will not work for the same rate of wages as in the North-West, and, in fact, it adds \$3 a month to their wages bill instead of \$3 a year, and which tax is not in existence in any other Province.

We may draw your attention to another factor in the case, and one of very great and vital importance to the future of this Province. It is this—that there are now several proposed lines in British Columbia, none of which can be reasonably successful without the assistance of

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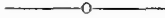
the Canadian Pacific Railway, and that Company cannot hope to obtain any money from their shareholders for expenditure in this Province if the introduction of capital is met at the outset with an enormous tax. Mr. Skinner, a director representing the English shareholders, who was here at the beginning of the week, expressed a very strong opinion on this point, and we are satisfied that in the interest of the Province any undue taxation on enterprises of this character will react most disastrously.

It is a matter of notoriety that the line in the Province is worked at a loss. The actual loss in running expenses was last year \$36,000, without adding the cost of maintenance, which a line through a less difficult country would not require; and that cost during the past year, exclusive of snow sheds, runs into \$100,000.

We therefore propose as a settlement to pay one-half of the assessment, which even then comes to more than was paid two years ago, and we trust that an alteration will be made in the Act at the next session which will place the matter on a more equitable footing.

We have, &c.,

(Signed) DRAKE, JACKSON & HELMCKEN.



ITEMS IN DETAIL, as brought to account under the head of MISCELLANEOUS RECEIPTS, for the Fiscal year ended 30th June, 1889.

Sundry Sources.

Refund by C. P. R. of one-half of cost of arbitration on Squatters' Claims, Granville Townsite.....	\$ 235 00
Stenographer's fees.....	202 95
Fees for Private Bills, Legislative Assembly.....	2,620 00
Notaries' fees.....	382 50
Exhumation fees (Chinese bodies).....	1,120 00
Sale of copy of Revised Statutes of Canada.....	9 00

Nanaimo District.

Refund of overcharge for telegrams.....	2 40
Coal miners' examination, fees and certificates.....	45 00
Fees for recording cattle brands.....	50

Comox District.

Refund of overcharge on voucher.....	3 25
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New Westminster City.

Exhumation fees (Chinese bodies).....	10 00
Mechanics' lien fees.....	6 00
Refund of overcharge on gas account, New Westminster Gaol.....	146 50

New Westminster District.

Fees for recording cattle brands.....	2 50
Stenographer's fees.....	176 00
Sale of voters' lists.....	7 00
Value of improvements made on Crown Lands, New Westminster District, sold at auction by Government.....	320 00

Similkameen and Osoyoos.

Copy of evidence, Granite Creek.....	1 25
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Kamloops.

Fees for recording cattle brands.....	6 00
Do. mechanics' liens.....	2 50

Lillooet District.

Fees for recording cattle brands.....	3 00
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Kootenay District.

Fees for recording cattle brands.....	1 00
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Cariboo District.

Fees for recording cattle brands.....	75
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\$5,303 10

J. MCB. SMITH,

Auditor

Audit Office,

February 26th, 1890.

ITEMS IN DETAIL, as brought to account under the head of MISCELLANEOUS RECEIPTS, for the half-year ended 31st December, 1889.

Sundry Sources.

Deposit for costs of appeal, <i>Reg. v Ward</i> .....	\$ 50 00
Notaries' fees .....	280 25
Exhumation fees .....	990 00
Stenographer's fees .....	316 85
Refund by Dominion Government of overcharge for services of steamer <i>Douglas</i> , <i>re N. W. Coast Commission</i> .....	440 38
Refund of over-payment on Government House voucher .....	18 00
Refund by R. G. Cunningham of voucher, twice paid .....	89 10
Premium on exchange on remittance to London .....	124 21

Nanaimo District.

Refund of burial expenses of G. Freer .....	20 95
Coal miners' examination fees .....	10 00
Fees for recording cattle brands .....	1 00
Coal mine manager's certificate .....	5 00

New Westminster City.

Sale of voters' lists .....	7 50
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New Westminster District.

Sale of voters' lists .....	3 25
Exhumation fees (Chinese bodies) .....	20 00
Fees for recording cattle brands .....	1 00

Yale and Lytton.

Fees for recording cattle brands .....	2 50
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Kamloops.

Refund of over-payment on voucher .....	13 90
Copy of evidence in Gold Commissioner's Court .....	4 45
Fees for recording cattle brands .....	50

Lillooet District.

Fees for recording cattle brands .....	4 00
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Kootenay District.

Fees for recording mechanics' liens .....	3 00
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Cassiar District.

Copy of judgment, <i>Clearihue v. Mah Yune</i> .....	50
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\$2,406 34

Audit Office,

26th February, 1890.

J. MCB. SMITH,

Auditor.

ITEMS IN DETAIL, as brought to account at Treasury under the head of PRINTING OFFICE RECEIPTS, for the fiscal year ended 30th June, 1889.

Advertising in Gazette.....	\$2,786 00
Subscriptions to Gazette.....	5 00
Sale of yearly Statutes.....	116 75
Do. Sessional Papers.....	10 00
Do. other documents.....	56 45
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	\$2,974 20

The same for 6 months ended 31st December, 1889.

Advertising in Gazette.....	\$2,181 00
Subscriptions to Gazette.....	32 50
Sale of yearly Statutes.....	43 25
Do. Sessional Papers.....	6 50
Do. other documents.....	57 22
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	\$2,320 47

*Audit Office,*  
*5th March 1890.*

J. McB. SMITH,  
*Auditor.*

ITEMS IN DETAIL, as brought to account at TREASURY under the head of SALE OF GOVERNMENT PROPERTY, for the fiscal year ended 30th June, 1889.

Sundry sources.

Sale of surplus stores to R. Cunningham, Skeena, on return of C Battery from expedition.....	\$388 10
Sale of surplus police stores, Skeena expedition.....	62 00

Similkameen.

Sale of old shovels, Granite Creek.....	6 00
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Kootenay.

Sale of old stove, Wild Horse Creek office.....	5 00
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\$461 10

The same for six months ended 31st December, 1889.

Yale and Lytton.

Sale of old tool house at Suspension Bridge.....	\$ 40 00
Do. lumber at Bonaparte Bridge.....	31 00

Kamloops.

Sale of road team.....	110 00
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Lillooet.

Sale of old shovels, Clinton.....	1 00
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Kootenay.

Sale of 500 shingles, Fort Steele.....	3 50
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\$185 50

*Audit Office,*  
*5th March, 1890.*

J. McB. SMITH,  
*Auditor.*

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ITEMS IN DETAIL, as brought to account at Treasury under the head of RE-IMBURSEMENTS IN AID, during fiscal year ended 30th June, 1889.

## Sundry sources.

Keep of Naval prisoners in Victoria Gaol .....	\$ 489 25
Do. City " .....	66 00
Do. "C" Battery " .....	82 25
Do. seamen barque Norcross, " .....	157 00
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	\$794 50

## The same for 6 months ended 31st December, 1889.

## Sundry sources.

Keep of Naval prisoners, Victoria Gaol .....	\$1,432 50
Do. City " .....	60 40
Do. person of unsound mind " .....	26 50

## Nanaimo.

Keep of seamen in Nanaimo Gaol .....	26 25
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	\$1,545 65

*Audit Office,*  
5th March, 1890.

J. McB. SMITH,  
*Auditor.*

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VICTORIA, B. C. :

Printed by RICHARD WOLFENDEN, Printer to the Queen's Most Excellent Majesty.