

and if we deduct \$124,500 from \$217,876, the amount that has been assumed by Government that Canada would draw from this Colony in Customs receipts, we shall have only \$93,376; and thus \$93,376 will be only a fraction more than \$2 per head for our 40,000 population—very nearly the same rate per head of Customs taxation on the Pacific as on the Atlantic. I might enter into explanations at greater length to show the correctness of this conclusion, but I deem it undesirable. The certainty of the equalization of taxation all over the Dominion renders the assumption of a population of 120,000 for financial purposes a pure fallacy, and nothing more nor nothing less. It is simply taking a temporary, a transitory state of things, a state of things that will pass away in a year or two, as the basis for permanent conditions. Besides, there is a serious disadvantage in assuming that we will pay \$6 per head per annum in Customs duty to the Dominion after Union, and it is this:—Nearly every one would like to see all kinds of foreign merchandize, except such as would enter into competition with home-grown produce and home-made manufactures, entered duty free in Victoria, in order to foster and extend commerce. Now, if the Dominion Government made such an exemption from Customs for our benefit, it is but natural that we should make good to Canada in some other way what her revenue would lose by such an exemption. If Vancouver Island were exempted from Customs, and its population were taken to be 20,000, the Local Government would be expected to pay to the Dominion \$6 per head, or \$120,000 per annum, for the exemption. But if instead of the temporary rate of \$6 per head, the permanent rate of \$2 per head were taken, the 20,000 people of Vancouver Island would only have to provide \$40,000 per annum in lieu of \$120,000, a saving of \$80,000. The advantage of adhering strictly to facts, instead of fallacious assumptions, is consequently perceptible to every one. By following facts we can have a scheme of union with a true correlation of parts, a thing impossible if we follow the proposed assumptions. I have stated that \$93,376 is all the Revenue that Canada is likely to receive in Customs from British Columbia, on the basis of Population and Imports of 1869. Now, if a wide margin be allowed, and these figures be raised to \$120,000 per annum, it would only, at \$2 per head, entitle us to a population of 60,000. That population would entitle the Colony to a debt of \$1,200,000, or only \$150,000 in 1871 over our present debt, and on which the interest would be but \$7,500 per annum. It is useless for me to follow the matter further to show that the financial terms are not based on correct premises. But before I conclude this section of the subject I would remark that I have not taken into account the amount of Internal Revenue, such as Excise, Postage, Stamps, Malt Tax, &c., that the Colony is likely to contribute to the Dominion Treasury; for, so far as I can estimate the rate, it will not exceed \$1, or \$1.25 per head, and offers little or no grounds on which to base financial terms. The only difference, it appears to me, between the Customs and Internal Revenue laws of Canada, as applied for Revenue purposes to this Colony, is: that the Internal Revenue Taxes are likely to be, from the date of our admission, at the same rate per head here as in other parts of the Dominion; whereas the Customs will be higher here per head for a few years than there. Turning now, Sir, to that portion of the financial terms that proposes to get \$151,050 from sources of revenue to be reserved after Union to the Colony, I cannot help thinking that there has been a mistake all through the Governmental scheme, and that the amount of revenue proposed to be obtained from those sources is another instance of Governmental blundering. As I sum up these sources of revenue from the Estimates of 1870, they are as follows:—Road Tolls, \$50,000; Land Sales, \$6,000; Land Revenue, \$4,000; Rents, \$1,500; Miners' Certificates, \$11,000; Mining Receipts, \$12,000; Spirit Licences, \$25,000; Trading Licences, \$15,000; Fees of Court, \$4,200; Fees of Office, \$6,050; and Vancouver Island Road Tax, \$6,000,—making a total of \$141,250, instead of \$151,050, as in the Governmental estimate submitted with the proposed Terms of Union. The way in which I make the difference is by not taking into account as permanent sources of revenue such items as Arrears of Vancouver Island Real Estate Tax, \$8,000; Over-payments Recoverable, \$500; Sale of Unserviceable Stores, \$1,500. There can be no grounds for including such accidental sources of revenue under the head of permanent sources of revenue. Hence we must reduce the \$151,000 of local revenue to \$141,000. But the latter amount must also be reduced by deducting the Vancouver Island Road Tax, \$6,000, therefrom, thus leaving only \$135,000 as permanent sources of revenue; for if the Vancouver Island Road Tax be included in our estimate of permanent revenue, we ought also to include the annual revenue of the cities of Victoria and New Westminster, which is simply absurd.