

*Mr. Pebody*

The Honourable

The Superintendent General of Indian Affairs,  
Ottawa.

The undersigned, named to investigate jointly the financial condition of the Indian Industrial School at Regina, beg to report as follows:-

They arrived at Regina on the morning of Tuesday, the 23rd February, and left on Wednesday evening, the 2nd of March, thus having spent nine days, including Sunday, at the Institution.

Difficulty was at once experienced through the absence of an audit for two years and the failure to balance the books. The situation was further complicated by the fact that there had been three different book-keepers during the past year, and that Mr. Quigley who is at present in charge, although apparently competent and suitable for the position, has not been sufficiently long in the service, to have readily at command all required information. The system of keeping accounts has not been so effective as the requirements of such an institution demand. It is hoped, however, that Mr. Quigley, through suggestions given by Mr. Menzies, one of the undersigned, will be able to remedy the defects of the system in use.

The difficulty was enhanced by the fact that the financial statements respecting the School published in the annual reports of the Department of

Indian

Indian Affairs. (RG 10, Volume 3927, file 116,836-1A)

Indian Affairs, the Auditor General's reports, and the showing of the books of the Institution, were not at all in agreement.

The undersigned proceeded to examine the books and to prepare such financial statements as would admit of comparison being instituted between the financial management of the Institution during the fiscal year ended the 30th of June 1900, which was the last complete year of the late Principal McLeod's administration, and subsequent years under the administration of Principal Sinclair, who took charge of the School in April 1901.

The first important point noted is the falling off of the number of pupils in attendance, the average attendance from and including the fiscal year ended the 30th of June 1900 being, according to the School records, as follows:-

Year ended 30th of June 1900	Average	106 106
Year ended 30th of June 1901	Average	93 93
Year ended 30th of June 1902	Average	90 90
Year ended 30th of June 1903	Average	86 91
And for the 7 months of the current fiscal year (namely to the 31st of January 1904)	Average	72 76

This falling off materially affects the revenue of the Institution, as the fixed charges for maintenance, namely, salaries and cost of fuel and light, do not correspondingly decrease, and consequently the per capita cost for maintenance is increased proportionately with the decline in attendance.

It may be noted in this connection that the amount credited in the books of the School as received from the Department on account of the per capita grant is in

in every case less than the amount called for at the rate of \$120.00 per pupil on the average attendance shown by the records of the Institution, and less than the amount stated in the Auditor General's report to have been paid to the School. Taking the average attendance as shown by the School records and the amount credited in the books as received on account of the per capita grant, the grant was for the fiscal year ended the 30th of June 1900 only at the rate of \$116.~~20~~ per pupil; for the year ended 30th of June 1901, \$116.50 per pupil; for the year ended 30th of June 1902, \$118.90 per pupil; and for the year ended 30th of June 1903, \$116.50 per pupil. The Principal stated that after making a careful allowance for half-grant earning pupils he has been unable to reconcile the amounts received from the Department on account of the per capita grant with the earnings of the School as shown by its records. The apparent difference amounted to <sup>about</sup> \$402.00 in the fiscal year 1899-1900; ~~to~~ \$325.00 in the year 1900-1901; \$99.00 in the year 1901-1902; and \$301.00 in the year 1902-1903.

The revenue of the School on account of the per capita grant for the years referred to was as follows:-

1899-1900	\$12,378.73
1900-1901	\$10,836.42
1901-1902	\$10,704.24
1902-1903	\$10,020.27
7 months ended 31st of January 1904	\$ 5,464.23

The revenue from other sources during these years was as follows:-

1899-1900	\$ 979.48
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1900-

1900-1901	\$ 622.19
1901-1902	2,518.11
1902-1903	3,197.37
7 months ended 31st of January 1904	1,598.92

The total revenue for these years was,-

1899-1900	\$13,358.21
1900-1901	11,458.61
1901-1902	13,222.35
1902-1903	13,217.64
7 months ended 31st of January 1904	7,063.15

// While the amount of the per capita grant has steadily decreased and the total revenue of the School, owing to the increased income from other sources, has remained about the same, the expenditure has been steadily increasing in almost every department. The following statement shows the expenditure under the several departments of maintenance:-

<u>Provisions</u>	1900	-	\$3,156.83
	1901	-	3,310.20
	1902	-	4,394.21
	1903	-	4,662.94
	1904	-	2,548.93 (7 months)
<u>Clothing</u>	1900	-	\$1,095.34
	1901	-	921.09
	1902	-	1,141.79
	1903	-	1,802.44
	1904	-	818.93 (7 months)
<u>Fuel &amp; Light</u>	1900	-	\$1,795.20
	1901	-	1,721.27

1902

	1902	-	\$1,925.38
	1903	-	2,431.43
	1904	-	1,686.60 (7 months)
<u>Salaries</u>	1900	-	\$3,701.50
	1901	-	3,344.80
	1902	-	4,184.68
	1903	-	4,215.66
	1904	-	2,777.33 (7 months)
<u>Miscellaneous</u>	1900	-	\$1,440.99
	1901	-	694.77
	1902	-	1,587.09
	1903	-	2,145.16
	1904	-	413.05 (7 months)
<u>Kitchen &amp; Furniture</u>	1900	-	\$1,454.12
	1901	-	499.29
	1902	-	320.33
	1903	-	314.02
	1904	-	457.21 (7 months)

This increase of expenditure has resulted in a deficit on the 31st of January 1904 of \$9,201.56.

The increased expenditure for provisions is due in <sup>small</sup> part to an increase in prices, but mainly to the <sup>increased</sup> consumption, which in 1903 was fifty per cent. in excess of the consumption in 1900. In this connection the undersigned feel called upon to state that from what they observed at the School it did not seem to them that the children were at all over-fed, nor did it appear from an examination of the dietary table furnished the School some years ago by the Department that the consumption of

food

food in 1903 was always greater than the prescribed allowance. The Department's allowance of beef is 182 lbs. per annum for each pupil, and for each member of the staff 400 lbs. For the present staff of 13 and for say 90 pupils, this would mean a consumption of 21,580 lbs. of beef per annum, while the actual consumption in 1900 was 13,866, and in 1903, 20,490 lbs. The allowance of cheese is 5 lbs. per annum for each pupil and each member of the staff, which for a staff of 13 and 90 pupils would mean a consumption of 515 lbs., while only 73 lbs. were consumed in 1900, and 20 lbs. in 1903. The allowance of currants is 2 lbs. each, making 206 lbs. in all, which is the exact amount used in 1903, while 456 lbs. were used in 1900. Of beans 12 lbs. each are allowed, making 1236 lbs., while in 1900 only 700 lbs. were used, and in 1903, 1170 lbs. The allowance of rice is 1236 lbs.; the consumption in 1900 was 730 lbs., and in 1903, 858 lbs.

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In the use of certain articles there has been a consumption over the allowance of the dietary table; for instance, the allowance of flour is 360 lbs. per pupil and 540 lbs. for each of the staff, which would represent on the attendance stated a consumption of 39,420 lbs., while in 1900 there were consumed 43,286 lbs. of flour, and in 1903, 47,995 lbs. The allowance of raisins is 1 lb. per annum per capita for pupils and staff, or 1 1/3 oz. per month. The dietary table would therefore allow of a consumption of 102 lbs. of raisins per annum, while the consumption in 1900 was 200 lbs., and in 1903, 476 lbs. There has also been a large increase in the use of sugar over the meagre allowance of the dietary table. The variations in the amounts consumed are

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due

due to causes difficult to ascertain and enumerate. Principals differ as to the quantity of certain foods necessary for the proper nourishment of children. It is evident that the late Principal McLeod used much less beef than is at present consumed and much less than is provided for in the dietary table. Principal Sinclair considered that a larger ration of beef was necessary, and he states that he was urged by the late Inspector McGibbon to give the pupils a generous beef diet.

15 The undersigned would not assume the responsibility of laying down any rule as to the quantities of staple foods which should be given to Indian children, who it is well known have a tendency to tuberculosis, the overcoming of which demands an ample and nutritious diet.

16 In inquiring as to the basis upon which a per capita grant of \$130.00 per annum was fixed the undersigned have discovered an estimate prepared by an official of the Department as to the probable cost of maintaining at the Regina Industrial School 100 pupils. He estimated the total cost per annum at \$13,450. made up as follows:-

Food for 100 Pupils at \$26.00	\$2,600.00 per annum
Clothing for pupils at \$27.00 each	2,700.00
Food for 11 officials	572.00
Food contingencies -sick fare, visitors, &c.	328.00
Heating & Lighting	1,550.00
Medical Attendance	300.00
Stationery, School material, & Contingencies	700.00
Salaries	4,700.00
Total	<del>\$13,450.00</del>

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Now, the dietary table allowance of beef and flour alone would, at present prices, cost for each pupil \$23.00 per annum, leaving only \$3.00 for all other necessary articles of diet. Taking the dietary allowance of beef and flour for each member of the staff at the present prices the cost would be \$45.34, leaving \$6.66 for all other necessary articles of diet. Medical attendance, which must have been intended to include medicine as no provision is made in the estimate for medicine, is put at \$300.00. The salary of the medical officer alone is now \$500.00. There is a large increase in the item for fuel. The seven furnaces have been in use from the beginning. They were put in as part of the Smead-Dowd sanitary and heating system. The sanitary part was dropped and the heating continued. The undersigned took the impression that the Smead-Dowd furnaces are not adapted to economical heating with coal, and they afterwards found at Brandon two Smead-Dowd furnaces in that Institution fed exclusively with wood, and ~~that there are~~ three modern hot-air furnaces fed with coal. This, <sup>at Regina</sup> of course, would not explain the increased consumption of fuel over that of 1900; but as the temperature of the building at no time while the undersigned were in the School was even comfortably warm, though the weather was not unusually severe, the undersigned were forced to the conclusion that the condition of the buildings made heating more difficult.

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As to the increased cost of lighting, the Institution is at present in a transition state from coal-oil to Carbide as an illuminant; the carbide plant has been installed, but jets have not yet been placed in all the rooms, necessitating a considerable continuance

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of the use of coal-oil. It appears that 445 gallons of coal-oil at 29 cents per gallon were consumed in 1903, besides 2 and a half tons of carbide at \$98.90 a ton, while in 1900 the total consumption of coal-oil, the only illuminant used, was 510 gallons.

19 The salaries amounted to \$3,701.50 in 1900, and in 1903 to \$4,215.66. This increase is not beyond the normal rate of increase in wages in the West, and is considerably less than the amount estimated for wages in the official estimate already referred to.

20 It is found that the increased cost of maintenance has not been very appreciably affected by any increase in prices. Beef, flour, tea, and apples cost the School more now than in 1900, but there are important items in which there has been a lowering of prices, so that the increase through an enhancement of prices only accounts for a few hundred dollars of the deficit. It is to be noted, however, that better prices might have been secured had the purchasing been done more at wholesale, but the Principal explains that the growing deficit made that impossible and compelled him to buy at retail prices from local dealers who were prepared to give him the necessary credit to carry on the Institution.

21 Expenditures on repairs form an important part of the deficit; and in this connection it must be borne in mind that the estimate upon which a per capita grant of \$130.00 was fixed included no expenditure at all for repairs or equipment of any kind whatsoever. It appears that the Principal's annual estimates of the amount required for repairs were very considerably reduced by the Department, and that he, regarding larger repairs essential than were provided for by the Department

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over-expended the estimate and met the difference, in so far as it was not met by the Department, <sup>or remained unpaid,</sup> out of the per capita grant. In 1901 an estimate of \$4,022.00 was reduced to \$800.00. In 1902 an estimate of \$1135.00 was reduced to \$800.00. In 1903 an estimate of \$3,522.00 was reduced to \$780.00. In 1904 an estimate of \$1,525.00 was reduced to \$475.00.

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In 1901, \$1,620.71 was expended on repairs, and of this amount \$526.37 was met out of the per capita grant. In 1902 \$1,379.78 was spent on repairs, \$504.91 of which was paid out of the per capita grant, and \$74.87 still remains unpaid. In 1903 \$2,233.96 was spent on repairs, of which \$587.60 was paid from the per capita grant, and \$866.36 still remains unpaid. Up to the 31st of January of the present year \$1,573.85 has been expended on repairs, of which \$349.22 has been paid out of the per capita grant, and \$884.63 remains unpaid.

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In considering this phase of the subject it must be borne in mind that there has been a large increase in the price of lumber, and that lumber is a large item in the expenditure for repairs.

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The estimate upon which the per capita allowance was fixed did not, as already mentioned, include any probable expenditure for repairs, and in the terms upon which the School was put upon the per capita basis it was provided that the buildings were to be kept in repair jointly by the Government and the management, the former to furnish the material, and the latter to perform the labor which might be required for the purpose.

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This gives rise to the question as to whether the management was improvident in the matter of repairs.

repairs. The undersigned made a careful examination of all the buildings, and that examination compelled them to the conclusion that the amounts allowed by the Department for repairs from year to year during the period covered by their investigation were not adequate, and that the repairs actually made were not beyond requirements, for notwithstanding the large expenditure over the amount allowed from year to year there is evident necessity for considerable further expenditure to put the Institution in a fit condition to properly meet the purposes for which it was established. Many of the floors of the main building are in a wretched condition and should be replaced. Some of the ceilings are in a bad condition and should be replaced by metal ones. Many of the stairs are really dangerous and require immediate attention. One great defect in the main building is that there are only single outlets from the front and the back. Children have to pass from one schoolroom through another and then through two corridors to gain egress by the front door. This causes great inconvenience and militates against the maintenance of order, and the consequent danger which this would occasion in clearing the building in the event of fire, even in the daytime, would be extreme. Another objectionable feature is having the dispensary in the same room with the office; the continuous incoming of children to be treated for different ailments interferes with the proper administration of the business which must be done in the office.)

( There is a small reception room in the front part of the building which is still unfurnished. The only parlor for the staff is a room recently vacated on the first storey which has neither register nor stove

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and is quite too cold for use.)

The outbuildings are inadequate. Valuable agricultural implements are exposed to the weather for want of a proper shed. Pigs are kept in several different buildings along with other stock, which makes against good husbandry.

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The following statement shows the growth of the deficit,-

1900	Deficit	\$ 26.75	\$65.88
1901	Surplus		
1902	Deficit	1,470.76	
1903	-	3,962.32	
1904 to 31st January		3,807.61	
		<u>9,267.44</u>	
	Less Surplus	65.88	
	Total		\$9,201.56

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On the 31st of January 1904 there were, -		
Unpaid accounts belonging to the year 1902,	\$ 74.87	
" " " " " 1903,	1,857.67	
" " to the 31st January 1904,	6,505.28	
Bank account, adverse balance	<u>1,629.53</u>	
	10,067.35	
Less cash due by Department 31st Jan. 1904	<u>865.79</u>	
Total		\$9,201.56

28

The undersigned figure the impairment of the maintenance fund through the charging thereto of amounts not properly chargeable to it, such as improvements and repairs, at \$6,558.94, made up as follows:-

Building & Repairs	\$4,039.12
Equipment	607.03
Live Stock & Agr. Implements	<u>1,912.79</u>
	<u>6,558.94</u>

leaving an actual deficit against maintenance fund of \$2,642.62.

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The total value of the permanent improvements to the property since 1901 is estimated by the Principal at about \$6,500.00, which about equals the over-

over-draft on maintenance fund on account of repairs and renewals.

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The maintenance fund is charged with expenditure on account of kitchen equipment <sup>and furniture</sup> which from the 1st of July 1899 to the 31st of January 1904 amounted to \$3,044.97.

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No such item of expenditure is included in the estimate of the probable cost of maintenance upon which the per capita grant of \$130.00 was fixed, and if this amount had not been met out of the per capita grant, instead of a deficit there would have been a small surplus, notwithstanding the increase in the quantities of food used, and on account of medical attendance and medicine, <sup>which</sup> surplus would have accrued from revenue from sources other than the per capita grant.

than the per capita grant. 32

Taking the expenditure for maintenance (including kitchen equipment) as shown by the books of the School the per capita cost was \$150.60 in 1902, \$181.20 in 1903, and for the 7 months ended the 31st of January 1904, \$121.00, which amount of course would reduce the ratio for the balance of the year because of the large items of expenditure such as that for fuel which are included in the first part of the fiscal year.

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The cost of maintenance, not including any item for repairs or renewals or equipment of any sort, ~~was~~ in the year 1892-1893, the last complete year in which the Department conducted the School and met all expenditure direct, was \$15,258.68. The average attendance was 90, making the per capita cost \$169.54 for that year. It is to be noted in this connection that when the Industrial Schools were established the Department regarded the ages between 6 and 14 as those the most suitable for admission, ~~but~~ <sup>and</sup> when the Schools were placed upon the per capita system there was no suggestion of any departure

Elkhorn 02-03  
Maintenance  
Total  
-14-

177.92  
206.20  
384.12

departure from that principle. In August 1900, however, the Department refused to pay more than one-half of the per capita grant for any child admitted to an Industrial School thereafter of less than 10 years of age.

34 For the proper consideration of the financial management of the Regina School it is necessary to take into view the cost of maintenance of other Industrial Institutions. The undersigned therefore visited the Industrial Schools at Elkhorn and Brandon.

35 The main building at Elkhorn is substantially built, conveniently laid out, well-equipped, and in an excellent state of repair. The per capita system has been abandoned, and under direct Departmental control the expenditure for the year 1902-1903 was \$247.40 per capita, and for the 7 months ended the 31st of January 1904 it was \$185.00 per capita.

36 The Brandon School is as well equipped as that at Elkhorn, and the main and outbuildings are in a good state of repair. It is conducted on the per capita system, payment being at the rate of \$120.00 per capita, exclusive, however, of charges for medical attendance, medicine, and stationery.

37 Principal Ferrier has been able to keep the expenditure pretty well within the grant for maintenance, owing to the fact that he has succeeded in maintaining an average attendance of about 100 pupils, and has to a very large extent met the food requirements of the Institution from the farm. Notwithstanding this, Mr. Ferrier had no hesitation in expressing the opinion that a grant of \$120.00 is not sufficient for adequate maintenance.

38 The question will naturally arise here as to

Indian Affairs. (RG 10, Volume 3927, file 116,836-1A)

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to why the farm at Regina which is equal in area to that at Brandon has not contributed as largely to the maintenance of that Institution. One important reason is that the farm at Regina ~~School~~ is not so well adapted to mixed farming. Moreover, the wheat crop of last year was a failure through frost and all flour had to be purchased. Instead of 2500 bushels of good wheat, which was estimated as the probable product, there was ~~12~~ 1500 bushels of wheat so frozen as to be fit only for fodder. The previous year the wheat crop furnished flour for the School, but the root crop was a failure. Then again, at the end of the late Principal McLeod's term of management he disposed of all saleable live stock, necessitating the development of a herd under the present management. At the present time there are 12 milk cows yielding sufficient milk for the School, and about as many more young cattle.

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There seems to be doubt as to whether the section of land west of the School has been, as requested by the management, set apart for the use of the Institution. It is important that this doubt should be removed, for if the land is available a portion of it should be fenced for pasture, and another portion broken for crop, and the cattle and agricultural interests so expanded as to become an important source of revenue. The pasture requirements of the present herd cannot be <sup>adequately</sup> met by the land now appertaining to the School, and consequently there can be no profitable increase without a larger extent of pasturage. Mr. Sinclair has secured a traction engine and gang plow through the liberality of friends of the School, which will make possible the cultivation of a much larger area the coming season. The Department also

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made a grant for a separator which enabled the Institution last year, after doing its own work, to earn considerable in threshing grain for neighboring farmers.

Immediate financial relief is necessary.

140 For payment of provisions there has been no entry in the cash book since the 1st of October 1903. Provisions have been purchased in small quantities at retail prices and on credit. From April 1903 to the 31st of January last only \$3,750.00 was received on account of maintenance. The Department in addition advanced out of the per capita grant \$1,785.00 for coal and re-couped itself \$1200.00 of the loan of \$1500.00 made to the School in February 1903, thus while fuel was provided and the loan so far refunded, other departments of expenditure were not provided for, and the situation is daily becoming more distressing. Creditors are beginning to press for the payment of accounts, and there is danger of the Institution and the system falling into public discredit.

41 The future conduct of the Institution demands prompt and careful consideration. The per capita grant for the current year is fixed at \$140.00 per pupil, less \$10.00 per capita retained by the Department to meet cost of medical attendance, medicines, and stationery supplies, which makes the actual per capita grant for maintenance \$130.00, which, as already shown, is quite insufficient if ~~the~~ maintenance fund is to continue to bear the whole of the charges now put upon it. The per capita system was adopted as a tentative one, and it was never intended that rates fixed when prices and wages were lower than they are to-day should continue irrespective of changed conditions. It never

could



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could have been intended that when prices went up quantities would be so reduced as to keep the expenditure within the amount fixed, nor ~~was it~~ <sup>could have been</sup> the intention that when cost of maintenance increased the Government should relieve itself of the increased charge by shifting the burden to those who had undertaken, under Departmental control, the management of Industrial Schools.

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In conducting the financial management of the Institution in the future a stricter system should be followed. At the end of each month an exact financial statement should be presented with the object of preventing the recurrence of such a condition of affairs as at present exists, and which should not be possible in any business concern. In this connection the undersigned consider it their duty to direct your attention to the fact that the annual financial statements of the School published in the reports of the Department of Indian Affairs show a balance on the right side. These statements represent the cash actually paid and the small cash balance on hand when they were made, but do not include the outstanding accounts. The consequence was that the School appeared to the public as in a sound financial condition when, as a matter of fact, it was largely in debt.

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The undersigned deem it their duty to state that their inspection of the affairs of the Regina School lead them to the conclusion that the time had come for the Government to institute inquiry into the whole question of Indian education, with a view to ascertaining the relative value of education at Industrial Schools and at Boarding Schools, to making the work of the different grades of schools dovetail, and to laying down

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down definite lines as to the recruiting of pupils. That Principals of Schools should tramp the country, at great expense, competing with each other, and even bribing parents to secure children for their Schools, is humiliating and demoralizing. The Principal of the Regina School spent in travel in 1901, \$40.80; in 1902, \$422.90; in 1903, \$539.70; and in 1904 he spent <sup>only</sup> \$34.39, ~~but~~ <sup>with</sup> the result ~~is~~ that the average attendance has gone down through failure to secure recruits. It is only proper to add that the undersigned have reason to believe that the Principal of the Regina School is not the only one who has incurred large travelling expenses in the recruiting of pupils.

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The undersigned have reason to believe that certain Agents of the Department as well as Principals of Boarding Schools do not place a high value upon the results of training in Industrial Schools. They regard them as larger and perhaps better equipped boarding schools, but not more efficient in bringing the Indians towards self-support, and they look upon distance from reserves, which was formerly counted an advantage in Industrial Schools, as a disadvantage in that it takes Indian children out of touch with the conditions in which they must eventually earn a livelihood by the use of the land set apart for them, experience it is claimed having shown that no appreciable number of graduates of Schools will be in a position to earn a livelihood by working as craftsmen among whites. On the other hand, Principals of Industrial Schools and others contend that the Industrial Schools afford the best means of advancing the interests of the Indian people.

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The undersigned would not venture, in the face of such a divergence of views, to express an opinion on so important a subject, but the question it seems to them is one that demands a larger and more authoritative inquiry than they were commissioned to make, to secure the information essential to the formation of a sound judgment.

*J. A. Menzies*  
*R. W. Mackay*

Winnipeg, 11th March 1904.

P.S. - Appended hereto is a comparative statement of the revenue and expenditure of the Maintenance Fund of the Regina Industrial School.

Personal



Indian Commissioner's Office,

Winnipeg, Man., 23rd Marc, 1904.

*Handwritten signature*  
Dear Scott,

I find that there is a slight clerical error in certain detailed figures given on Page 12 of the joint report on the Regina School which I forwarded some time ago. The figures referred to are in the 6th line from the end of Page 12 opposite the words "Live stock and Agricultural Implements". The figures are 2,112,79; they should be 1,912.79. There was attached to the report an approximate statement and in the last line of the column for 1904 the total for Live Stock and Agricultural Implements should be \$916.86. I am afraid that the 86¢ was omitted.

Would it be troubling you too much to ask you to have the corrections made if you can lay your hands on the report.

Yours faithfully,

D. C. Scott, Esq.

Accountant, Department of Indian Affairs,  
Ottawa.

*Handwritten signature*

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