

Department of Indian Affairs.

OTTAWA, 30th December, 1904

The Deputy Superintendent General:-

The Indian Commissioner writes under date of the 16th instant stating that as instructed he had paid the deficit of the Regina Industrial school up to the 30th June 1904, and he encloses schedule of payments and receipts for the amounts paid, amounting to \$13,690.62, which was \$272.45 less than the amount of the cheque sent him, and he also forwards bank certificate and draft for the unexpended balance. This transaction should naturally close this chapter in the history of the Regina school but I do not think I would be justified in letting the matter rest here without again calling your attention to the manner in which this deficit was accumulated. In order that you may clearly understand the position I take, I shall give you a short synopsis of the causes which have led up to this state of affairs.

The Regina Industrial school was started on the 1st April 1891 under the Rev. Mr McLeod as Principal who managed it economically and successfully up to the time of his death on the 20th November 1900, and this upon a per capita grant of only \$120.00. The present Principal, Rev. Mr Sinclair, when placed in charge in April 1901 started with a clear sheet and his financial statement published on the 30th June of that year showed a balance on hand of \$54.35 on that date. After conducting the school

for one year, he succeeded in accumulating a deficit of about \$1000.00, which was paid by the Presbyterian Church, and again he had a fresh start on the 1st July 1902 with a credit balance of \$76.08. Having established a line of credit for the school he used it to good advantage and, on the 30th June 1903, I find from his published financial statement, that the excess of expenditure over receipts amounted to \$5,941.62. I may mention that during this interval, he had obtained a loan of \$1500.00 from the Department and received an increased grant of \$10.00 per capita. The Department becoming aware of the extravagant manner in which Mr Sinclair was conducting the school, called the attention of the Presbyterian Ch. authorities to the fact and the Rev. Dr Mackay, writing under date of 15th April, 1903, says that the Foreign Mission Committee is perplexed with the condition of affairs in connection with Regina School and that he would like to arrange a conference with the Minister. Such meeting took place and the question of arranging for the payment of the deficit was discussed. The Church claimed that they were not responsible for it. Although the Department never acknowledged the justice of this contention, it approved of the proposal that a joint examination be made into the affairs of the school, and the Church selected Mr Menzies, a chartered accountant of Winnipeg, to undertake this work in their behalf. Mr McKenna of this Department was chosen as its representative and Rev. Dr Mackay went to the school on his own responsibility.

What purported to be an audit of the financial affairs of the school up to the 31st Jan. 1904 was made and a joint report was received from the

gentlemen above mentioned, which shows the deficit at that date to be \$9,201.56. This report contains every possible argument that could be used as an excuse for this deficit, but does not explain away or point out the cause of it, as a proper audit should. The statements sent in with the report, not being satisfactory, Mr Menzies went to the school again and brought the accounts ~~the accounts~~ up to the 30th June 1904, and in the five months which had intervened, Mr Sinclair had increased the deficit from \$9,201.56 to \$13,963.07, for which Mr Menzies offers no explanation. As I said in the outset this deficit was settled for \$13,690.62.

I have always contended that there is no reason for a deficit at this school. It was conducted for ten years by Mr Sinclair's predecessor on the per capita grant which was less than Mr Sinclair received when he was making debts. The Qu'Appelle school is successfully managed for a smaller per capita grant and so is the one at Brandon. Without attempting an audit of the accounts, which would be useless at this date, I might call your attention to some of the items which will show that Mr Sinclair has a very extravagant idea of the supplies which should be purchased out of the per capita grant. In proof of this I submit the following list of items:-

A. J. Macdonald Co. of Winnipeg, wholesale grocers supplied ~~syrup~~ strawberries, raspberries, blueberries, peaches, plums, red cherries, pears, pineapples, apricots, raisins, figs, tomatoes, corn, macaroni, kippered herrings, dates, honey and toothpicks by the case, monthly.

The Regina Trading Co. was visited as frequently as the ordinary corner grocery store and supplied

any deficiencies the bill of fare called for, such as gelatine, marmalade, sardines, lemons, oranges, shelled walnuts, icing sugar, lunch tongue, canned salmon, toilet cream, bananas, Fry's chocolate, olives, candies, tobacco, jelly powder, canned peas (French?).

From five to ten visits were made to Regina during the month with a horse and trap, which were put up at a livery stable, costing from 15 to 25 cents a trip.

In enumerating the luxuries indulged in, I forgot to mention Mr Williamson's account. He keeps a fruit exchange at Regina and supplied the oysters ^{fruits} needed by the school.

While they were looking after "the inner man" they did not lose sight of outward adornment. I find that two Stetson hats at \$7.50 each were supplied by E. McCarthy and Co. of ^{Regina} ~~Winnipeg~~, while razors, collars, ties, braces and other wearing apparel were purchased singly and the highest prices paid.

In order to make the place look cheerful in May 1903, he purchased \$29.05 worth of aster seed, mixed varieties, and ~~from~~ Simmers and Co. of Toronto furnished "California" and "Double Russian" violet seed costing \$1.80.

It is no wonder that after such an elaborate bill of fare 46 pupils needed to have their teeth treated by Dr Pollard at a cost of \$66.82 .

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When the examiners made up the outstanding accounts to the 31st Jan. 1904, the Principal knew of the Department's intention to pay the deficit and he apparently took good care to replenish his stock before the 30th June, up to which date the deficit was

to be paid. I find that a number of the accounts paid by Mr Laird were for articles purchased during the month of June, some of which could not have been delivered until after the 1st July. Ames, Holden and Co. supplied \$90.55 worth of boots and shoes which were shipped on the 20th May last. The Adddown Hardware Co. shipped from Winnipeg ~~\$21.00~~^{114.98} worth of hardware on the 30th June, while Chalcraft and Co. of Toronto, shipped \$393.05 worth of uniform suits and knickerbockers on the 4th June. Mohm McDonald and Co. of Toronto also shipped clothing to the value of \$101.01 on the 24rd June.

While he was piling up a deficit of ~~\$159.06~~^{\$ 4459.06} between the 1st May and the 30th June last, I find that the Principal was still buying on credit from the butcher, grocer, dry-goods and hardware merchants, the staff salaries remained unpaid, his own being in arrears \$472.04 (which the Commissioner paid him) and the per capita cost of the pupils in the school during that time was at the rate of over \$200.00 a year, as he had received \$4,049.06 on account of the earnings of the school for that period.

If Mr Sinclair had used the money received from the Department judiciously, he should have been able to pay his way during the five months. As he did not do so, I fail to see how he will be able to carry on the school without incurring future deficits and as he has been managing it now six months for the Presbyterian Church I think it would be wise to instruct Mr Inspector Graham to make an audit of his books for this period, as I fear that if he has run behind, the Presbyterian Church will again shirk the responsibility of meeting the deficit. There is only one matter that remains to be explained. That is the

note of \$1231.50 given on the 30th June 1904 to the Bank of Montreal. This note was given in settlement for notes of Mr. Sinclair already outstanding.

It is astonishing how a Principal of an Indian school, conducted on a fixed per capita grant, with any conception of the fitness of things, can justify himself in purchasing such luxurious and superfluous articles as are charged in these accounts, without any prospect of their even being paid for out of the earnings of the school, and I fail to see how anyone claiming to have audited these accounts, could allow such items as mentioned, to ~~pass~~^{be} unchallenged. You will observe that not a single item was struck out of the accounts.

Marion Benson