

Report of the Comptroller and Auditor General

On the Revenue and Appropriation Accounts for the Fiscal Year ending June 30th, 1914

Clause 8. The following is a statement of arrears of revenue due to the several Departments indicated at the close of the financial year 1913-1914:

1. Department of Agriculture and Mines...	\$20,973.91
2. Department of Customs...	6,314.07
3. Department of Marine and Fisheries...	228.00
4. Department of Finance...	16,548.00
5. Department of Postal and Telegraphs...	4,332.40
	\$48,396.38

9. With regard to the arrears due to the Department of Agriculture and Mines (1). The Minister informs me that of these arrears, \$889.60 has been paid since the 30th of June last, \$3,553.51 is considered as "good," and with reference to the balance (\$16,525.80) action has been or will be taken to cancel the titles held by these leases.

With regard to the arrears due to the Customs Department (2). This amount is for Bonds given for the payment of duties. Of this sum, \$3,855.24 has been paid since the close of the last financial year, leaving \$2,458.00 still unpaid. During the last few years a considerable sum has been lost to the revenue of the Colony owing to the failure of firms giving Customs Bonds to meet their liabilities in respect of the said bonds. Not only is this the case, but endorsers of these said bonds who are responsible for their payments, have either declined to make good their liability or else have not been called upon to do so.

An estate which went into insolvency last year paid the Government \$4,065.63 in cash and \$17,500.00 in property, to meet a liability of \$42,142.61.

13. In my report for 1911-12 and 1912-13, I called the attention of the Legislature to the following irregularities: (1) The inclusion, at the opening of the fiscal year, of payments which should have been charged to the previous year. (2) The authorization of overdrafts, to be subsequently covered by Supplementary Supply. As I refused to permit the latter, recourse was had to the 33 Section (b) of the Audit Act, and these overdrafts were, in my opinion, equally irregularly charged to the said Section. In order to prevent a recurrence of these irregularities, and to provide fully for all services, the Legislature, last year, voted a very large sum (\$244,719.17) in Supplementary Supply. Even this generous sum was not sufficient, in respect of certain sub-head votes, to meet requirements and transfers from credit sub-head votes under the same head had to be made to meet the additional amount required.

14. With regard to the question of transfer of sub-head credits, under the same head, to meet sub-head overdrafts, I contend that this practice is in every way preferable to the granting of Supplementary Supply. The assurance that short votes would be made up by Supplementary Supply would be likely to induce lavish expenditure, and the temptation to expend a credit, even though it is not legitimately required, is difficult to resist.

25. It will be noted that these overdrafts have occurred notwithstanding a heavy supplemental vote of \$244,719.17 on an original estimate of \$3,735,074.41. A total vote of \$3,979,793.58 from which there was dropped \$60,000, or with the Audit Act—say \$80,000. If the expenditure on these votes has been conducted with a due regard for economy, it would therefore appear that the normal annual public expenditure if all the present services are to be continued, should be estimated at not less than \$3,900,000.00. This does not allow for any expansion in such services as the Post Office, Telegraph Department, and Customs, services which, under ordinary conditions, must grow with the growth of the Colony.

26. This statement is borne out by the facts relating to the present year's expenditure. The Legislature, at its last Spring Session, decided to vote sufficient to cover all possible expenses for the current year. A Public Service Act

authorizing the expenditure of \$3,936,000 was passed. To this will have to be added Supplementary Supply expenditure to the extent of fully \$120,000, a total vote of, say, \$4,056,000. But a considerable reduction can be made from the total. In the first place quite a large proportion (at least \$60,000 of the requirements under Supplementary Supply is due to expenditures not likely to occur in any normal year. In the second place, I anticipate, from present conditions, a dropped balance of about \$80,000. These reductions will leave the normal expenditure at about—\$3,916,000.00.

27. I have no fault to find with the Estimates, so far as the gross sum asked for is concerned. With regard to the details (sub-heads), I am not equally satisfied. A rearrangement is required in order to make the vote for some sub-heads square with the actual expenditure. Some of these are over-voted and some short-voted. In explanation of what I mean, I would instance the votes for the "Fiona" and for coal boring, respectively. In the latter case we have a service for which \$15.00 has been voted annually for several years although nothing has been spent, in the second case, the "Fiona's" expenses are regularly short-voted by some \$10,000 a year. Why not cut out the vote for coal-boring, and give \$10,000 of it to the "Fiona"? Here is another case. The original vote for Contingencies, House of Assembly, for 1913-14 was \$1,870.00; this was increased by \$3,574 under Supplementary Supply, and still the account shows overdrawn by \$3,588.00. A total expenditure of \$9,032 on an original vote of \$1,870, while the vote for bounty on ships built is regularly over-voted by some eight or ten thousand dollars annually. Again, there is the vote for General Contingencies of \$10,000, the manifest absurdity of this vote is amply proved by the fact that the expenditure under this Head averaged \$31,000 per annum since I have been Auditor General.

28. With a current revenue of \$3,618,328.85, and a current expenditure of \$3,920,178.21 (the sum of \$8,000.00 received in aid of Old Age Pensions being deducted from both sides of the Revenue and expenditure Account), a deficit of \$301,849.36 remains. This amount stands as a debit balance in the Bank of Montreal against the Treasury.

Surplus Trust Fund
29. The position of the Surplus Trust Fund at the close of the fiscal year 1913-14 was as follows, viz:—

DR.	Amount
To total amount received from Consolidated Account from 1901-2 to 1912-13, inclusive...	\$1,272,807.47

By expended to June 30th, 1914, as follows, viz:—

CR.	Amount
Roads...	\$ 501,414.33
Lighthouse Construction...	57,000.00
Harbor Improvement and Marine Works...	239,477.15
Outport Government Buildings...	23,347.82
Extension of Marconi System...	14,000.00
Completing of Fever Hospital...	3,000.00
Construction Museum (in aid of)...	30,000.00
Extension and Improvement General Hospital (in aid of)...	30,254.48
Encouragement Herring Fishery...	26,045.03
General Elections 1908 and 1913...	91,897.33
To cover part deficit Current Account, 1908-09...	6,786.92
Festival of Empire—in aid of...	10,213.90
Government Bonds for Old Age Pensions...	200,000.00
Education...	10,000.00
Erection of Fence around Constabulary grounds...	1,213.30
Board of Agriculture (in aid of)...	7,224.73
St. John's Agricultural Society for hay...	6,235.62

30. This statement is borne out by the facts relating to the present year's expenditure. The Legislature, at its last Spring Session, decided to vote sufficient to cover all possible expenses for the current year. A Public Service Act

Post Office Contingencies (in aid of)	7,999.45
	\$1,266,110.06
Balance...	\$ 6,697.41

The following statement shows the disposition of last year's credit balances for 1913-14:—

Service.	Balance.
1. Roads...	\$ 1,283.07
2. Constabulary Fence...	
3. Board of Agriculture...	
4. St. J. Agric. Socy...	
5. Postal Contingencies...	
6. Ecgmt. Herring Fish...	
7. Marine Works...	18,682.36
8. Lighthouse Construction...	
9. Elections 1913...	
	\$19,988.34

Received in 1913-14.	Total.
\$ 13,733.56	\$ 15,016.63
1,213.30	1,213.30
8,000.00	8,000.00
8,500.00	8,500.00
8,000.00	8,000.00
22.91	22.91
2,032.15	20,714.51
12,000.00	12,000.00
52,000.00	52,000.00
\$105,479.01	\$125,467.35

Expended in 1913-14.	Balance to 1914-15.
\$ 14,950.00	\$ 66.63
1,213.30	
7,224.73	775.27
6,235.62	2,264.38
	22.91
17,578.10	3,136.41
12,000.00	
51,568.74	431.26
\$118,769.94	\$ 6,697.41

32. With regard to 3, the sum of \$8,000 was appropriated in aid of the vote for Board of Agriculture. Of this sum \$7,224.73 was spent which, added to the outlay under the vote, gave a total expenditure of \$48,983.76 on an original vote of \$40,000. Notwithstanding the above mentioned assistance, this vote was overdrawn by \$1,759.03.

33. With regard to 4, the sum of \$8,500, of which \$6,235.62 has been spent, was appropriated to cover the indebtedness of the St. John's Agricultural Society for hay, this indebtedness having been taken over by the Government.

34. 5. A sum appropriated in aid of Postal Contingencies. It was all spent with the exception of 55 cents. The total vote including Supplementary Supply and transfers from credit votes, was \$36,902.00, this, added to the amount received "in aid" from the Surplus Trust Fund, shows a total of \$4,902.00. Of this sum \$44,899.49 was expended, leaving a balance of \$1.96 under the public Service Act, and 55 cents under Surplus Trust. The original vote was \$19,000.00.

36. 3. The several amounts authorized by and the expenditure to date under this Loan are as follows, viz:—

Service.	Amount Authorized.
School Buildings...	\$100,000.00
New Poor Asylum...	150,000.00
L'houses and Marconi...	100,000.00
Dredge...	50,000.00
St. John's Mun. Coun.	32,000.00
Hr. Grace Pub. Bldg.	15,000.00
Improvements G. Hos.	73,000.00
	\$520,000.00

4. The several amounts authorized by and the expenditure under the Loan Act Geo. V. Cap. 24, are as follows, viz:—

Service.	Amount Authorized.
Extension Telegraph System...	\$140,000.00
Erection of L'houses...	45,000.00
Construction and Improvements Public Buildings, viz:—	
General Hospital improvements...	50,000.00
Addition to General Post Office...	14,000.00
Pub. Bldg. Freshwater	5,250.00
" Grand Falls...	16,250.00
" Spaniard's Bay...	9,500.00
" Bay Roberts...	17,500.00
" Channel...	8,500.00
" Hr. Grace...	4,000.00
Unappropriated...	50,000.00
	\$360,000.00

Temporary Loans
38. On the 30th June last the position of the Temporary Loan account was as follows, viz:—

Loan Act.	
1812. Lighthouse Construction...	
1914. Extension Telegraphs...	
" Lighthouse Construction...	
" Constr. & Imp. Pub. Bldgs.	

Amount Raised.	Amount Expended.	Balance.
\$100,000.00	\$100,000.00	\$
140,000.00	137,494.98	2,505.02
45,000.00	12,804.90	32,195.10
175,000.00	111,386.89	63,613.11
\$460,000.00	\$361,686.77	\$98,313.23

The above \$460,000.00 has been obtained on Temporary Loan from the Bank of Montreal, bearing interest at the rate of 4 1/2% per annum on \$360,000.00, and 5 1/2% per annum of \$100,000.00.

Public Debt
39. The Funded Public Debt of the Colony was increased by the following sum during the fiscal year ending June 30th, 1914, viz:—

Under Acts	
4th Geo. V. Cap. 23	
R'way Construction...	\$973,333.33
56th Vic. Cap. 1, St. John's Rebuilding Act...	4,290.00
59th Vic. Cap 25, Carbonar Street Act...	3,105.80
5th Ed. VII. Cap. 1, Conversion of Deben tures...	9,500.00
1st Geo. V. Cap. 32, Public Service...	250.00
	\$990,479.13

And reduced under:—Acts	
58th Vic. Cap. 4, Public Service...	\$ 3,000.00
61st Vic. Cap. 10, Public Service...	3,600.00
56th Vic. Cap. 1st, St. John's Rebuilding Act...	3,174.40
	\$ 9,774.40

The net increase for the year being... \$ 980,704.73
Add the balance on 1st July, 1913... 29,470,060.54

Giving a total of... \$30,450.27

To this should be added the amount of the Temporary Loan in the Bank of Montreal to which reference is made in the preceding paragraph. 460,000.00

Gross public debt. \$30,910,765.27

53. Under the provisions of Section 3 of the Act respecting Companies operating Marine Docks in the Colony, application was made to the Government to pay the Harbor Grace Marine Dock Company, and the St. John's Floating Dock Company, the sum by which the profits of these respective Companies for the year ending June 30th, 1914, proved to be less than five per cent. upon the actual capital of the said respective Companies, paid up in cash. Acting in the instructions to me, set forth in Section 3 of the said Act, I examined the accounts, etc., of the Companies and found with regard to

- (1) The Harbor Grace Marine Dock Company,—that it had made no profits and that therefore the whole of the amount represented by 5% on the paid up capital of \$37,110.00, viz: \$1,855.50, had to be paid by the Government.
- (2) The St. John's Floating Dock Company,—that the sum required to be paid by the Government in order that the shareholders should realize a dividend of 5% was \$685.12.

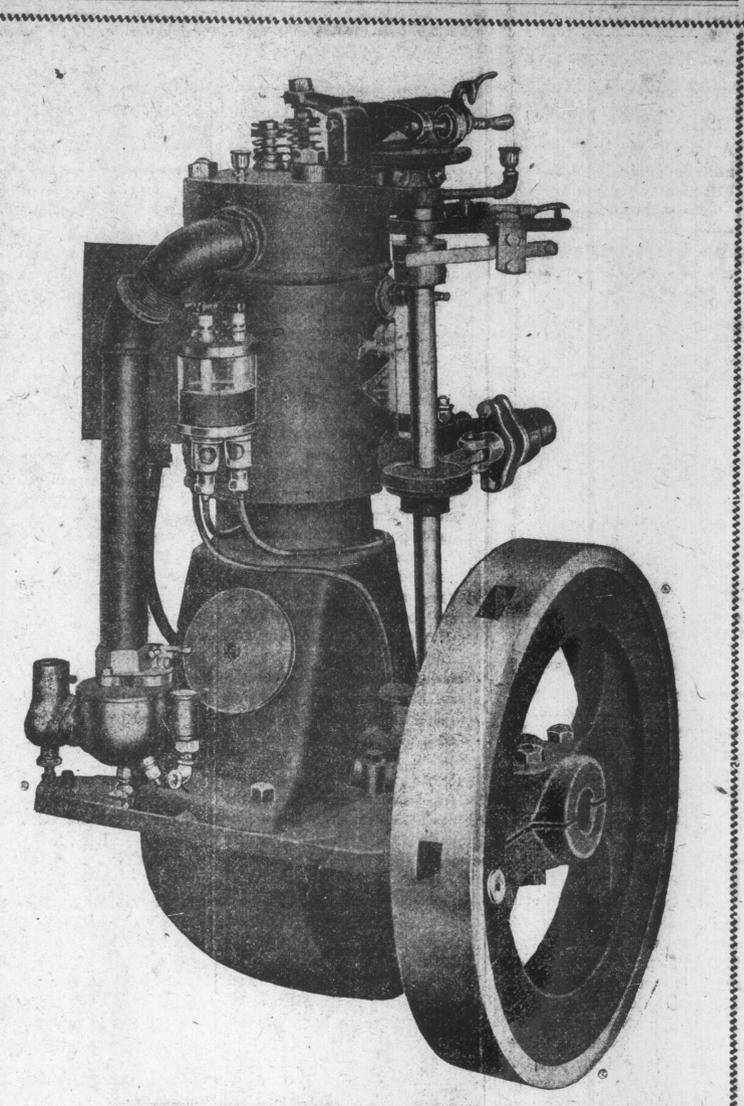
I gave my certificate for these sums, which have been paid, the vote for General Contingencies. Respectively submitted, F. C. BERTEAU, Comptroller and Auditor Genl.

As a Voice in The Wilderness!

William Watson, one of the greatest English poets, in an article in the London News, predicts that the Allies will fall as a result of the "sluggishness" of the British. He declares that it ought to be "hammered" into the somewhat slow minds of the masses of the people that Britain is not going to beat Germany unless she wakes up and shows an entirely different spirit. He denounced the "fatal optimism" of the British, which has led them to believe that they could whip the Germans without trying.

Surprises

London, May 15.—G. F. Steward, the Daily News correspondent on the Belgian and Dutch frontiers, telegraphs: "In Bruges and Ghent the Germans are talking of two more surprises for Britain. One is kept a great secret, but the other is a new torpedo with much greater range and explosive power than any hitherto known."



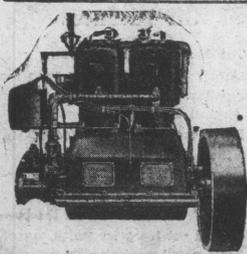
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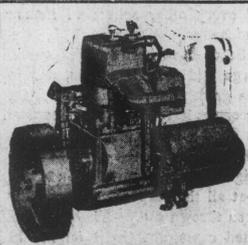
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