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through unless there was a proper voucher. But the appropriation book was not written up for months up to the date of the present government taking office; and the reason given for this was that the occasion for exceeding the appropriations early in the year was not great, and before any danger arose it was proposed that the books should be caught up. It was found necessary in order to write up these books not to take information contained in the auditor's own office, but to go to the treasurer's office and ask him to hand over the original vouchers, as authorities for the issues of cheques. If the appropriation book or any other in the auditor's department was a necessity, it must be before the vouchers reach the treasurer's office. Every voucher in any department is made out in triplicate; the department keeps one copy, and the original and the other duplicate go to the auditor; the auditor keeps the duplicate, and sends the original, with the cheque, to the department of the treasurer; the latter signs the cheque, and the voucher is filed away in the vault, and is the only authority the treasurer has for issuing the cheque. He (Hon. Mr. Jones) found that the cheques and vouchers of the treasurer's department had been handed back to the auditor's department, where vouchers for about a quarter of a million dollars were lying on the floor, desks and benches, where they had been for weeks without any protection from fire or destruction through other causes. With reference to the bank account, when he

ASKED TO SEE THE BANK BOOK

he could not have it handed to him to turn up and see what the balance was; it was stated that there was no bank book kept in proper shape, for the reason that they were a long way behind with their cash and the bank refused to hand over the cheques. When they desired to know what their balance was they telephoned down to the bank; and if the message came that there was \$10,000, or \$20,000, or \$30,000 to credit, cheques were issued. When the bank said that the funds were exhausted, they had to make a deposit, or some other arrangement by which the bank would be able to telephone up that there was a balance available. With reference to the temporary arrangement made by the present Government, it had been stated in some papers, and truthfully, too, that about the first thing this Government did was to borrow money. He admitted that it was the first thing they tried, but they did not succeed without considerable difficulty. They found to their credit \$5,000 or \$6,000, or possibly \$10,000; but against that cheques had been issued and had gone out, so that if these arrived at the bank to be cashed, the Government would owe the bank \$2,000 or \$3,000. Hence practically the account was overdrawn by about \$2,000 or \$3,000. Sometimes two or three

weeks elapsed before cheques mailed to parties in different parts of the Province were presented for payment; and the Government endeavored to hold some of the cheques they found outstanding, and to prevent their getting to the bank too soon; still a sufficient amount did come in to make it necessary for him to arrange for a loan on his own private security to protect the credit of the Province. The Government were anxious that it should not go out that their cheques had already been refused by the bank, as it would be accepted as a reflection against them that the new Government's credit was short-lived, that they could not go on for a fortnight. Thus it became necessary

TO PROTECT THE CREDIT

of the Province privately until some arrangement could be made. They found that the late Provincial Treasurer, Hon. Dr. Harrison, had made an application to the bank for a loan, and on entering the department he (Hon. Mr. Jones) found that the application had been renewed by the present leader of the Government, who had charge of the department until he (Hon. Mr. Jones) returned from Ontario. Therefore he (Hon. Mr. Jones) followed up the application made by his predecessors, within three or four days, and found himself in the position of having met with a direct refusal from the bank to grant the Government any further loans. The reasons given were that in view of the fact of such large expenditures in the near past, and rumors and statements made, it was not thought desirable to grant any further credit without some further security than the Government appeared able to give. This was an awkward position for a new treasurer; but, having been refused, he applied in Eastern Canada, where he was acquainted with financial institutions, and received assurances which enabled him to draw what he needed pending a further arrangement. He discussed the matter with the banks here, and finally made an arrangement with the Merchants' Bank which compared favorably with the arrangement of the late Government during the first half of the present fiscal year. The late Government found themselves out of money about the first of August last year. Notwithstanding that they had received the Dominion Government subsidy of over \$200,000 on the 1st of July, on the 5th of Aug. they found that it had been expended; and they required to negotiate a loan from the Merchants' Bank on the 6th of August, 1887, of \$200,000. That loan was to carry them through the first half of the fiscal year, or until January when the subsidy would again arrive; amounting to \$200,000 odd, and they would be able to repay it from this. They found, however, that they made

A SLIGHT MISCALCULATION;
and on the 15th of October they made a