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The Budget

Finance Minister Reviews Colony's Finances. Additional Taxation Introduced, Including Income, Stamp, Excise and Export Duties on Fishery Products

MR. M. P. CASHIN, Minister of Finance, in his annual report to the House, today reviewed the colony's finances for the year 1917-18, and announced the introduction of additional taxation, including income, stamp, excise and export duties on fishery products.

The total revenue on current account for the year 1917-18, which was estimated at \$5,200,000, has been increased to \$5,500,000, and the total expenditure, which was estimated at \$5,200,000, has been increased to \$5,500,000. The result is a surplus of \$300,000.

The Minister stated that the colony's finances for the year 1917-18 were the best since the war began. He pointed out that the revenue had increased by \$300,000, and the expenditure had decreased by \$200,000. He also stated that the colony's credit had been improved, and that the government was in a position to meet its obligations.

The Minister then announced the introduction of additional taxation, including income, stamp, excise and export duties on fishery products. He stated that these measures were necessary to meet the increased costs of the war, and to provide for the colony's future needs.

The Minister also announced the introduction of a new tax on the sale of land. He stated that this tax was necessary to provide for the colony's future needs, and to ensure that the land was properly valued.

The Minister then reviewed the colony's finances for the year 1917-18, and pointed out that the revenue had increased by \$300,000, and the expenditure had decreased by \$200,000. He also stated that the colony's credit had been improved, and that the government was in a position to meet its obligations.

The Minister concluded his report by stating that the colony's finances for the year 1917-18 were the best since the war began, and that the government was in a position to meet its obligations.

Revenue from all sources for the coming fiscal year would reach a round figure of six million dollars. I am largely influenced to this belief by the fact that last year my estimate was five and a quarter million dollars, whereas we will have about \$5,000,000 additional when the current fiscal year's accounts are closed, and with the new income tax, there ought to be a goodly addition to the revenue.

However, as in these days one never knows what conditions may develop from month to month, we are proposing some new taxes, the nature of which I will indicate later. We are doing this because our expenditures may be swollen considerably by large outlays arising from the increased participation in the war, which we are now proposing, and for which it is hardly fair to burden the Dominion unduly. We have voted main Estimates already this session of \$3,367,000, and additional estimates voted yesterday amount to \$2,400,000, or a grand total of \$5,767,000. Therefore, the margin of revenue over expenditure is not large, and making allowance for Supplemental Supply next session, and to prevent the contingency of a shortage, we will put new tariff schedules into effect.

The world is in a transition period at present. The war is absorbing more and more the energies and activities of the great mass of the people of many countries, and may impose still further drains upon them. We have been fortunate in Newfoundland heretofore in escaping the worst consequences of a world tragedy so shocking as that which prevails, but we cannot expect to be so fortunate hereafter, and there are signs and omens making themselves evident from day to day which the wise will regard as warning of a period in which the realities of war will be brought home to us in a way that they have not yet been, through the roll of battle and the loss of men on active service.

The material well-being of this country as reflected by its imports and exports has been most remarkable during the last fiscal year. The total imports for the twelve months ending June 30th, 1917, amounted to \$21,318,610, and the total exports to \$12,350,796 for the previous year. The Customs Revenue derived therefrom was \$4,470,538 against \$3,950,838 in 1916-17, and \$2,745,868 in 1914-15. Similarly, the total exports from Newfoundland for the last fiscal year were \$22,351,762 against \$18,569,498 for the fiscal year 1915-16, and \$13,380,880 for the previous year. That is to say, the total trade, imports and exports, of Newfoundland for the last fiscal year amounted to \$43,700,072 against \$32,296,829 for 1915-16, and \$28,487,564 for 1914-15. It will be seen, therefore, that the total trade has increased from twenty-five millions to forty-three millions within the past three years, and the figures will probably enlarge to some extent where near fifty millions for the current fiscal year, which is shortly to close.

The enormous increase in the value of our fishery products is likely to continue all this year. The iron mines at Bell Island are being worked extensively, and the value of the material is increasing rapidly. The lumbering industry in its various aspects is also proving highly remunerative, and the working of the limestone quarries on the West Coast furnishes a new employment for our people, and is a source of revenue to the government. The shipping for the conveyance of large quantities of our pulp and lumber to the United States, which will ensure that the mills in the Exploits Valley will be maintained on a full-capacity basis for an indefinite period. It is rather remarkable that there should be such a marked advance in these departments of our local endeavour since the war began, a circumstance being made through the Ministry of Shipping for the conveyance of large quantities of our pulp and lumber to the United States, which will ensure that the mills in the Exploits Valley will be maintained on a full-capacity basis for an indefinite period.

The exhibit for the four years is as follows:

Year.	Imports.	Exports.
1913-14	\$15,193,726	\$15,134,543
1914-15	12,350,796	13,136,850
1915-16	18,427,326	18,869,498
1916-17	21,318,610	22,381,762

Further proof of the same kind is afforded by the outcome of the operations of her various banks. The four Canadian Banks, doing business in Newfoundland through their Savings branches and interest bearing deposits, had on December 31st, 1917, on the books \$13,533,607.37, representing, in the main, the savings of our people.

This is an increase of \$2,406,718 over the amount shown the previous year, namely, \$11,126,889, or in other words that our people deposited in these Banks last year nearly 2 1/2 million dollars, or twice what they did the previous year, a sum by far and away the largest in our history, and representing, as a matter of fact, an addition in one year to the total Savings of about sixteen million dollars. It is scarcely necessary to dwell on these figures. They tell their own story.

The Annual Report of the Postmaster-General for the last financial year indicates the same favorable conditions. He shows, for instance, that in ten years the turn over of the Money Order Branch of his Department increased 85 per cent, from \$497,401 to \$968,822, and that the Money Orders received and paid grew from one million to two and a half millions in the same period, also that in the five years the sales of stamps have grown from \$11,000 to \$155,000, an increase of 38 per cent. In the period that the growth of the Money Order business for the past two years is nearly forty-three per cent; that the total volume of financial business done by the general Post Office was \$800,000, an increase of nearly \$100,000, or almost fourteen per cent, over the previous five years.

It is gratifying to observe that the annual Report of the Board of Trade presented in January, in reviewing the events for the calendar year 1917, congratulates the members upon the satisfactory condition the Colony occupies to-day, and then goes on to say: "The year that has just closed has been one of the most momentous in the history of the Trade of the Colony. The difficulties created by war have made the year 1917 one of the very much increased last year, and in addition thereto we have been faced with the trouble of handling and marketing one of the largest catches of fish the country has experienced for some years. It is with satisfaction that the Council has been able to report that, in spite of the immense difficulties under which the business of the Colony has been operating during the past year, the trade of the country with but few exceptions, is in a prosperous condition, and although there are many serious obstacles in the way of a satisfactory year, the results of the year's work, the situation is such that most classes of the community have reason to be thankful."

In face of all these facts, it is evident that the conditions which prevail throughout Newfoundland are of a highly encouraging character, and we are, therefore, emboldened to undertake the imposition of an income tax following the precedent already created in Great Britain, and in the United States. The details of this matter I will deal with more fully on the introduction of that Bill itself, but I may say here that it is an obligation on every person in the Colony with an annual income, if unmarried, of over \$1,000.00 per year, to sacrifice their lives in the cause of freedom, it is a very small demand to make upon those who remain at home, and enjoy the comfort and security of their homes, and the payment of the obligations the war has imposed upon us, and which the pensions for our brave soldiers and sailors, and their dependents, will require in the future. I am confident that this measure will meet the unanimous acceptance of the Legislature.

We have also proposed, as you are already aware, to raise a loan for our war needs, of six million dollars, including therein the amount of three million dollars for which provision was made by a Loan Bill last year, but which amount was not raised for reasons which I set out in my explanatory address on introducing the new loan resolutions. It is proposed to place part of this loan locally, and we hope to have a generous response to the appeal from the people of the country, more especially when, as I have already pointed out, there are in the Banks about sixteen million dollars already, and that two and a half million dollars of this total was in the hands of the people in the last year of the past year, we ought to obtain 2 1/2 million dollars from them, and they will have the advantage of doubling their income from this amount. Perhaps I had better, at this point, give you a brief explanation of our war costs. From the beginning of the war up to the end of last month, our total war expenditures were roughly five and a half million dollars, contributed as follows:

1914-15	\$435,000
1915-16	705,000
1916-17	1,648,000
1917-18 (to date)	1,627,000

and amount retained in London and paid Capt. Timewell by order of the Government, to date, \$1,087,000. I have a more detailed statement

which will be published later. This amount has been met so far in the following ways:

Vote from Surplus Trust.	\$429,000
Vote from Surplus Trust.	470,000
Vote from Pensions, 1917-18	60,000
Making a total of, roughly	3,370,000

the additional amounts being obtained by advances from the Imperial Treasury.

In connection with this War Expenditure, I might go on to say that as hon. members very well know, this burden, heavy though it is, is as nothing compared with that being borne by our neighbors in Canada. The cost of the Newfoundland Naval Reserve force to pay, separation allowances, clothing, food, etc., is borne entirely by the Imperial Government, except that now the Colony has undertaken to do thirty cents a day to the pay of each man in that branch of the service, for the time he served therein, in order to put the sailors on a parity with the soldiers of the Regiment; and, as for the Regiment itself, we merely provide the pay and separation allowances for the men, the Imperial Government feeding, clothing, equipping and otherwise caring for them from the time the men leave Newfoundland until they return again. It is safe to say that the burden we would otherwise have to bear is more than cut in half by this generosity on the part of the Mother Country.

The substantial additions to the tax burden of our people which I am now suggesting, I will anticipate the argument that these taxes make an excessive burden on the people by pointing out that the people of the Mother Country, of the neighboring Dominion, and of the great Republic to the south of us, are all much more heavily burdened than we are in these respects, and that we have certain advantages here which ought not to be overlooked, advantages in the fact that our fishery products have increased in a greater ratio than any other food products known to the world to-day, that we have been able to reap our harvest of the sea and the icefields almost undisturbed by the suggestion of war or its consequences, that new projects for further enhancing the value of our staple industry are taking form every day, and that the North Sea has been almost deserted by the fishing crafts of the European nations, and those adventurous vessels which still ply their calling in that area are subject to the danger of being shot by German airmen or sunk by German submarines as we read in the messages a few days ago of Dutch fishing vessels and crews, although the Dutch are a neutral nation.

As a result of this and other conditions the Norwegian fishery is much below the average, and is unlikely to reach a total which will enable it to compete with our own. Therefore, our products during the coming year, another circumstance which is certain to contribute to maintaining the price of our staple industry, and ensuring us of its profitable marketing. The gross Public Debt at the end of June, 1917, was in round figures \$34,500,000 less Municipal Debt of \$1,000,000, and Sinking Fund repayments, etc., totalling \$2,325,000, leaving a net Debt then of slightly over \$32,000,000. For the past ten months we have met our war obligations out of surplus revenue and by temporary loans, and our net Public Debt to-day may be put at \$34,000,000.

The new taxes which we propose are as follows: One cent addition to the ordinary letter postage, in other words, a return to the three-cent postage general here in years past. A 5-cent stamp tax on all local telegrams. A 10-cent stamp tax on all telegrams from here to outside countries. A 10-cent stamp tax on all Customs forms.

An increase of 2 cents a pound in the excise duty on tobacco. An increase of 50 cents a pound in the excise duty on cigars.

HOT SHOT BATTERY

Just arrived: 15,000

Columbia Ignitor & Acme Ignitor,

No. 6 Dry Cells; also

HOT SHOT AND MULTIPLE BATTERIES.

Also a full line of

Marine Engine Parts, Etc.

A. H. Murray & Co. Ltd.

Agents Lathrop, Gray & Stanley

may10.00d

G. Knowling, Ltd.

We have received and now ready in our Showrooms a Large Assortment of

Women's and Misses'

Special Sample

COSTUMES

in fine and heavyweight Tweeds, Black and coloured Meltons, Serges, Face Cloth, etc., in splendid Wool Materials, best linings and trimmings.

\$5.00 to \$10.00

for Women's,

and

for the Misses'

\$3.00 to \$6.00.

Sizes to fit Girls 10 to 17 years of age.

These Costumes cannot be replaced at double the money. All good serviceable styles and designs.

G. Knowling, Ltd.

may12.15.18

An increase of \$1.25 a pound on cigarettes.

An export duty of 20 cents a quintal on fish.

An export duty of two cents a gallon on fish oils of all kinds.

An export duty of twenty cents each barrel on herring.

An export duty of fifty cents a case on lobsters, and fifty cents a case on salmon, and an export duty at the rate of 30c. a tierce on salmon.

An export duty of twenty cents each barrel on herring.

From these various duties we expect to obtain a Revenue of about \$500,000 in round figures.

Therefore, our exhibit, for the next fiscal year will be as follows:

Main Estimates voted last week \$5,367,000

Additional Estimates voted last week 24,500

Total Estimated Expenditure for 1918-19 5,391,500

Or, then say roughly 5,400,000

And on the other hand: Revenue from ordinary services (including new income tax), say 6,000,000

Proposed new War taxes 500,000

Total estimated value 6,500,000

I, therefore, estimate a substantial surplus allowing for the inevitable Supplementary Estimates of next session and unforeseen contingencies which may arise meanwhile.

I have attached to this review extracts from the Auditor-General's report containing various financial statements of interest, which will be printed with this speech to-morrow, and will thus be available for hon. members if they desire to consult them, and as I feel that the sentiment of the House would probably be that it deserves an opportunity to consider the general features of this review more fully before entering into a discussion of its salient points, I move that the Committee rise, report progress, and ask leave to sit again on Monday next.

Household Notes.

Always cook macaroni in salted water that is boiling when you put the macaroni in.

Plaster of Paris, if mixed with vinegar instead of water, can be worked like putty.

Vegetarianism ought to become more easy to practice as the hot weather approaches.

The few things in the shape of china and silver on exhibition in a dining room the better.

Use skim milk instead of water in cooking cereals if you would add to their nutritive value.

If you wish to be very economical with olive oil, mix it equal parts with pure cottonseed oil.

Figs are delicious baked several hours, with lemon juice and lemon rind to give added flavor.

Dried and Canned Fruit!

We offer to-day at lowest prices:

Three Crown Calif. Raisins, 50 lb. boxes.

Calif. Seeded Raisins, packages.

Evaporated Apricots, 25 lb. boxes.

Evaporated Peaches, 25 lb. boxes.

Evaporated Apples, 50 lb. boxes.

"Midget" Raisins, packages, the great substitute for high priced Currants.

California Tinned Apricots.

California Tinned Peaches.

California Tinned Pears.

F. McNAMARA, QUEEN STREET.

satisfactory all 'round; they should be yellowish-white in color.

Ten cents' worth of skim milk has more nourishment in it than the same money's worth of steak.

Don't expect to have a cake turn out well if you have to use fewer than the called for number of eggs in it.

The white-fleshed fish, such as flounder, cod and halibut, is more easily digested than other varieties.

Even at this season various kinds of left-over fruits can be combined in a fruit gelatine for dessert.

Three of the cheapest foods we have are hominy, corn meal and rice, and there are many ways of using them.

Allow one level teaspoonful of salt to flavour a quart of soup, sauces or water in which vegetables are to be cooked.

