

# Liabilities of the Province In Excess of Twenty Millions

**The True Condition of the Finances Revealed by Hon. C. W. Robinson in His Budget Speech--Report of Expert Auditors Shows That Deficit on October 31st Last Was \$703,583--Government Has to Face Enormous Deficit This Year.**

A bonded indebtedness of \$9,295,073.77, liabilities of \$20,665,960.86, and a deficit for the current year of \$395,076.25, were outstanding features of the budget delivered in the Legislature on Thursday afternoon by Hon. C. W. Robinson. Hon. Mr. Robinson spoke for an hour and a half and treated the House to a remarkably clear and concise exposition of provincial finances. The duty he had to perform was not a pleasant one, but as he expressed it, the people were entitled to know the truth in regard to the state of provincial finances, and he gave it to them without any embellishments. The accounts of the province have lately been audited by Price, Waterhouse & Co., chartered accountants, of Montreal, and Hon. Mr. Robinson had at his disposal figures supplied by that firm in an interim report.

The information which he gave out can therefore be accepted as absolutely reliable.

Mr. Baxter, ex-Attorney General, has been selected by the opposition as their financial critic, and he moved the adjournment of the debate. He will endeavor to make out some kind of a case for the defunct administration which is responsible for the present unsatisfactory condition of provincial finances.

When the House resumed at 8 p.m. Hon. Mr. Robinson presented a message from His Honor the Lieut. Governor submitting the estimates of the current year, and moved that the consideration of such message be referred to the Committee on supply.

Hon. Mr. Robinson in rising to move that the House resolve itself into a committee of supply, said he would endeavor, in keeping with the time-honored custom, to explain the financial condition of the province at the present time. The regrettable illness of the Hon. Provincial Secretary-Treasurer had made it necessary that one of his colleagues be chosen to perform the duty, and he (Robinson) had been selected. He was glad to see the Hon. Provincial Secretary-Treasurer in the House again, and he hoped that his health would soon be restored. He recalled the year 1908 when he filled the position on the opposite side of the House now filled by his hon friend (Murray). There had been an election that year and the Government of which he was the head had gone down to defeat. His hon. friend opposite had gone through a similar experience this year, but he was fortunate in being the leader of a strong opposition, which he held was essential in the interests of good government.

**Fleming's Promises.**  
The Provincial Secretary of 1908, in delivering his budget, had made certain statements regarding the policy of the then government. That gentleman had taken the position that all ordinary expenditure must be kept within the ordinary revenue. He went even further and declared that when the ordinary revenue became exhausted the expenditure must stop. He also said that he did not blame the leader of the government which went out of office in 1908 for the conditions that obtained, as he felt that his predecessors in office were responsible. He (Robinson) considered it strange how history repeated itself and how applicable the former Provincial Secretary's words were to the present hon. leader of the opposition. One would have thought that a government taking office under such favorable conditions and with an expanding revenue, as the Hazen government did in 1908, would have got along with a moderate increase of the public debt. It was of great importance that close attention should be given to the present financial condition of the province. It was with a view of ascertaining exactly how matters stood that the present government, soon after taking office, had called in a reputable firm of chartered accountants and instructed them to make a thorough audit of the accounts.

While that firm had not completed its report, it had placed before the government some preliminary figures which he proposed to use during the course of his remarks.

**Tribute to Soldiers.**  
He thought all hon. members realized that this was a most momentous occasion in the history of the world. Our sons in thousands had gone forth to fight the battles of liberty, and when they thought of the many brave ones who have gone to their last beautiful home, they must realize how humble was their position as members of the Legislature.

Coming down to the financial position of the province, he said that the question was often asked, "What is the public debt?" In regard to this various statements had recently been made, some of which referred to the gross debt and some to the net debt. It was difficult to find out the exact amount of the debt, but it seemed to him that the best method was to ap-

ply the revenue and expenditure to the year to which they properly belonged. This method, he explained, had been adopted here for the first time by the chartered accountants employed by the present administration. He then read the following statement showing the liabilities of the province.

Liabilities March 31st, 1917.  
Capital debt ..... \$16,339,639.13  
Current debt ..... 763,321.73  
Total ..... \$17,102,960.86

Required to Complete Valley Ry. to Westfield ..... 1,000,000.00  
Required to complete permanent bridges ..... 550,000.00  
Contingent liability on bonds guaranteed ..... 2,013,000.00  
Total ..... \$20,665,960.86

This does not include any liability for the road from Centreville to Andover.

**A Fair Statement.**

Hon. Mr. Robinson, continuing, explained that the estimated cost of the Valley Railway from Centreville to Andover, for which the contract had been let, was not included in this statement. He considered it as true and fair a statement of the liabilities of the province as he was able to place before the people. He had not forgotten the assets on the other side of the account and had no desire to misrepresent the financial conditions. The Crown Lands and mines belonging to the province were undoubtedly of great value. The Crown Lands were now being surveyed by a staff of skilled foresters, under the policy of the old government, for which he gave them credit. A report had been made on 500,000 acres already surveyed, and the Chief Forester had estimated that the Crown Lands of the province contained sixteen billion feet of standing timber worth at least \$3.00 per thousand, or a total of \$48,000,000. He considered this a bright spot and was sure all would be glad to have the information. The province was to be congratulated over the fact that it had been the policy of past governments to conserve the Crown Lands and not allow them to be given away.

**The Public Debt.**

There were other matters in connection with the finances of the provinces to which it was necessary to refer. He felt it was important that he should give the House some information as to how the public debt had been incurred. He had a statement showing the increase that had been made in the debt from 1908 to 1916, which he read as follows:

**STATEMENT SHOWING ANALYSIS OF INCREASE IN BONDED DEBT FROM 1908 TO 1916.**

Bonded Debt, 1908 ..... \$5,834,533.99  
Bonded Debt, 1916 (exclusive of \$1,700,000 Valley Railway bonds) 9,109,059.16

Increase in Debt ..... \$3,274,525.17

Valley Railway Bonds ..... 1,700,000.00

Total ..... \$4,974,525.17

**Increased by the following amounts:**

Permanent Bridges ..... \$2,107,145.17  
Reversible Falls Bridge, St. John ..... 416,788.63  
New Brunswick Coal and Railway ..... 212,000.00  
International Railway ..... 175,000.00  
Wharves and Grain Elevator ..... 15,500.00  
Jordan Memorial Sanatorium ..... 31,000.00  
Bishopscote Property ..... 12,000.00  
Normal School Annex ..... 66,995.25  
Farm Settlement Board ..... 150,000.00  
Contribution Imperial Government and Belgian Relief ..... 120,041.86  
Discount on 5 p.c. Bond Issues 1915 and 1916 ..... 41,391.00

Decreased by the following amounts:

Smallpox Bonds ..... \$28,000.00  
Late Deputy Surveyor General's Deficit ..... 4,025.09  
Interest on Treasury Bills paid ..... 15,798.95  
Unexpended Capital Account, 1908 ..... 25,515.35

Total ..... 73,339.79

Net increase ..... \$3,274,525.17

Valley Railway Bonds ..... 1,700,000.00

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Special road expenditure of 1916 (does not appear in Auditor General's Report of 1916) ..... 70,548.60

Valley Railway Bond guarantee assumed ..... \$5,045,073.77

Total ..... \$4,250,000.00

Net increase ..... \$9,295,073.77

Continuing, he said that an examination of the various reports would show that the figures he had presented were correct in every detail. He then read the following statement showing the deficit at the close of the last fiscal year, together with the floating indebtedness of the province.

**A Huge Deficit.**

Amount of Debt which should be Funded as at October 31st, 1916.

**Capital Account.**

Liabilities for expenditure on permanent bridges at Oct. 31st, 1916.

Moncton Bridge extras ..... \$47,477.27

Other Expenditures on Permanent bridges ..... 128,757.77

Total ..... \$176,235.04

**Less—**

Unexpended balance of proceeds of bonds issued for construction of permanent bridges ..... 35,030.65

Total ..... \$141,204.39

Balance due to revenue for cash advanced from revenue account for capital expenditures to be funded and advance repaid to revenue account ..... 43,443.15

Total ..... \$97,761.24

Net deficit ..... \$86,943.15

**Current Account.**

Deficit on ordinary revenue and expense account at October 31st, 1916 as per exhibit ..... \$703,583.27

Total debt to be funded as at October 31st, 1916 ..... \$888,230.81

Total as above ..... \$888,230.81

Estimate of receipts 1917 compared with actual receipts of 1916.

Total ordinary receipts 1916 ..... \$1,580,419.36

Total ordinary receipt estimates 1917 ..... 1,564,365.15

Decrease ..... 16,054.21

Receipts 1916 over estimates 1917 off amount placed to sinking funds N. B. Settlement Lands (cross entry) ..... 1,853.20

Total ..... \$14,201.01

**Decrease in Estimates.**

Succession duties ..... \$27,952.37

School books ..... 221.78

Liquor licenses ..... 40,873.31

Supreme court ..... 36.13

Seed wheat ..... 3,628.78

Factory inspector ..... 46.00

Territorial revenue ..... 386.06

Decrease ..... \$73,144.43

**Increase in Estimates.**

Fees Provincial Secretary's office and taxes incorporated companies ..... \$ 338.46

Private and local bills ..... 820.00

King's Printer ..... 276.60

Probate court fund ..... 262.26

Prov'l hospital ..... 27.99

Motor vehicles ..... 16,518.00

Miscellaneous ..... 1,099.90

Seed, purchase of ..... 27,675.00

Wharves, 1/2 cost Dom. Government ..... 5,923.99

Prov'l prohibition ..... 6,000.00

Jordan Memorial ..... 1.22

Increase ..... \$58,943.42

**An Accurate Statement.**

Continuing, he explained that the statement had not been made up by the method usually followed, but he felt that it could be depended upon as being strictly accurate.

The Auditor General's report was prepared by the Government which lately went out of power, and the present administration was not responsible for it. They had felt it their duty to have a statement made by independent auditors so that they would know exactly where they stood. He believed that the only practical way was to have the accounts of the province audited each year by somebody not connected with the government. Banks and large mercantile institutions had adopted this plan and had found it very satisfactory. An independent auditor would not be subject to any political influence and his report could be depended upon as accurate.

Mr. Baxter wanted to know if the deficit shown covered the period from 1908 to the present time.

Hon. Mr. Robinson replied that the statement had been made up to the close of the last fiscal year, but he did not think it should be applied to the year 1916 alone.

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## The Testing Time!



Russia Prospers

During the first eight months of Prohibition in Russia the Savings Banks reports show savings increased 5,000 per cent. (net).

## Help to Enforce Prohibition

Permanent Prohibition in New Brunswick demands strict enforcement between now and the day when Prohibition may again be voted upon after the war. The whole task of enforcement must not be left to the officers of the law alone. Everyone should help. Eternal vigilance is the watchword.

## Dominion Temperance Alliance

### NEW BRUNSWICK BRANCH

DONALD FRASER  
President  
Plaster Rock, N.B.

REV. THOS. MARSHALL  
Vice-President  
Fredericton, N.B.

W. G. CLARK  
Treasurer  
Fredericton, N.B.

REV. H. C. ARCHER, Executive Secretary  
Fredericton, N.B.

21

### Improvement Needed.

Hon. Mr. Robinson said it seemed to him, speaking not as an expert, but as an ordinary individual, that the methods of bookkeeping employed by the late government were capable of considerable improvement. As at present conducted there was considerable duplication of books and there were too many departments reporting. All these sort of things should come from one department. It was the same way with the sinking funds. Instead of these funds being kept by one central authority each department looked after its own and the auditor general appeared to have no control whatever over them. The different funds were placed in separate accounts in the bank and when they were accumulated the deputy provincial treasurer checked them all up and disposed of them by his own cheque. These funds should certainly be under the auditor's control. Neither did there appear to be sufficient control in the purchase of supplies which were purchased in a haphazard way without any supervision. These supplies, whether in large or small quantities, should be ordered by one authority and the accounts should be audited and checked after the auditor general's consent to their purchase had been given.

### No Protection.

The treasury board did not appear to be the protection to the public funds that it was supposed to be and which the hon. gentlemen opposite had made out that it was, and it seemed to him that but for the protection of one of chapters of the Consolidated Statutes the board would not be any protection to the public funds at all. There must certainly be some improvement of method in the conduct of business which comes before it.

### Information Withheld.

There was also a tendency in the past few years in the expenditure of money not to include certain items in the public accounts. For instance, the Valley Railway bonds did not appear at all. Last year there was a loan of \$1,700,000 to complete this railway. There was no reference whatever in the auditor general's report to this at all, and it had never gone through consolidated revenue, therefore it was not a fair and complete statement of that revenue. He could not understand why a transaction so large as that should not appear in the consolidated revenue account the same as any other transaction would. It was true that there was some reference to guaranteed bonds but he supposed his hon. friends opposite would argue that the railway was constructed by guaranteed bonds, but as the province has subsequently taken the railway over, these bonds must be looked upon as a direct liability. Some allowance should also be made for bad accounts.

### Sinking Funds.

With regard to the farm settlement board, too, while there are sinking funds provided the late government had certainly displayed a little more caution. The funds of the board were fairly well invested but if the accounts were properly managed the sinking funds should increase every year. As to sinking funds generally one of the most important matters in this

connection was to have them so carefully handled that they would be sufficient to retire the bonds at maturity. In some instances this would happen and in others they would not be sufficient and the matters seemed to have been governed by the particular wants of the moment. There was no regular method adopted. Take the Crown Lands sinking fund for instance. In 1913 there was a very large payment made amounting to nearly half a million from the renewal of timber licenses. That was to be set aside but as far as he could see it had never been invested in any way but had been kept in consolidated revenue. It had drawn no interest. The province had used it and had paid nothing for its use, whereas if interest had been paid upon it there would have been about \$25,000 a year extra to be added to it. It was gone practically out of existence. That was not good business and if provincial affairs were to be managed in the proper way