

\$434,000 OVERDRAFT IN LIQUOR COFFERS WHEN PROFITS PAID

Last Available Dollar Is
Drained From Board by
Government

PUBLIC ACCOUNTS DATA

Bank overdraft, \$434,508. Bank credit balance, about \$25,000. This was the Liquor Control Board's liquid position on the date it paid \$1,525,000 in profits to the Ontario Government.

Liberal House Leader McQuibban extracted these figures from board officials at yesterday's sitting of the Public Accounts Committee. He summed up results of his preliminary probing thusly: "What it amounts to is this: the Government drained the last available dollar from the Liquor Board, as you admit, and in addition left a \$434,000 overdraft."

Officials Are Examined.

The trend of the Opposition contention was revealed during the examination to which Dr. McQuibban and D. Paul Munro, K.C. (Liberal, Wellington South) subjected Stewart McClenaghan, Liquor Board Chairman, and J. A. McGeachie, Liquor Board Controller. Obviously the Liberal contention is that Government revenue was padded out with money withdrawn from Liquor Board funds, for the creation of the Henry surplus, and that Liquor Board assets had been cut below the value of real property, plus bottled stock.

Another item at yesterday's meeting was the information extracted by N. O. Hipel (Liberal, Waterloo North) that Waterloo County highway contracts had been let at 59 cents per square yard, on tender, and \$1.59 per square yard without public tender.

When committee attention turned to the Liquor Board question, Attorney-General Price rejected Dr. McQuibban's proposal for a subcommittee examination of the board's bank accounts. All material was, or would be, ready for examination. "We don't want to hide anything," assured Colonel Price.

Monthly Payments.

Mr. McClenaghan, in answer to questions, said that the board paid a total of \$6,000,000 to the Provincial Treasurer in the fiscal year ended last Oct. 31. Payments were made monthly from the eight banks which shared the board's business.

Mr. McGeachie tendered the cheques paid over by the board, and these were examined and entered by Mr. Munro. Opposition questioners were interested in the regular payment of \$25,000 a month for sales of liquor permits, and sought to gain an admission that such sales varied largely between the first of the year and the end, when permits expired. "You've had this money on hand, and not sent it to the Province till late in the fiscal year," Progressive Leader Nixon concluded.

The cheques sent the Provincial Treasurer on Oct. 31 received special attention from Mr. Munro. These aggregated \$425,000 profits plus \$100,000, two distinct items. One cheque, the Liberal lawyer noted, had not been deposited until Nov. 2. He drew the statement that the whole amount had been included in the figures for this year's Budget.

Cross-Entry Subtraction.

J. T. White, Deputy Provincial Treasurer, was examined briefly by Dr. McQuibban. His books showed total receipts from the Liquor Board of \$5,450,000 profits, and \$65,000 for confiscated liquor, as well as the \$485,000 for permit sales. Dr. McQuibban closely studied the Liquor Board's balance sheet, hunting un-

successfully for the \$65,000 item. Mr. McClenaghan finally explained that by cross-entry the \$65,000 had been subtracted from the price of liquor purchased by the board. Mr. McGeachie also admitted there was no specific reference in the balance sheet to the \$65,000, but it would be shown in the board report now being printed.

Dr. McQuibban, as a result of this interchange, called for production of the names of all firms which sold liquor to the board, and the amount of each sale. This information was promised for next week's meeting.

Tangled over his own figures, Mr. McGeachie then submitted the Liquor Board's bank balances to the committee. The item of \$434,508 he first pronounced to be an overdraft with the Canadian Bank of Commerce, then a credit balance, and finally an overdraft. Mr. Munro reminded him he was on oath and stressed the need of accuracy. As ultimately tabled, the accounts showed a debit balance of \$434,508 in the Bank of Commerce, and credit balances as follows: \$5,343 in the Dominion Bank, \$1,524 in the Bank of Toronto, \$4,537 in the Bank of Nova Scotia, \$3,583 in the Imperial Bank, \$2,419 in the Bank of Montreal, \$3,857 in the Royal Bank and \$2,915 in the Province of Ontario Savings Office.

Mr. McGeachie pointed out to his questioners that "substantial sums were in possession of vendors throughout Ontario for sales of Oct. 31, and more cash was in transit to the board's head office." He was examined closely on the probable amount in transit. "Then when you paid the Province you were anticipating what you might get in," said Dr. McQuibban. "You paid over more than you had, in other words."

Mr. Munro put it: "You knew you had an overdraft, and you knew your credit balances were about \$25,000 here, and you issued cheques to the amount you did in anticipation that something might come in from the stores."

Mr. Price established that a \$449,000 balance of profits was left in the board's hands at the beginning of the fiscal year which ended last fall, and that the board was entitled to pay that amount out in addition to 1933 profits. The act showed that all profits of the board belonged to the Province. What money, he asked, was on hand at the end of the 1933 fiscal year that belonged to the Province? Mr. McGeachie gave the amount as \$422,000. To pay over that sum, it would be necessary for the board to obtain greater accommodation from the bank. It was an advantage to have money on hand to make purchases. The Treasury, he confirmed, was continually pressing him for remittances.

Dr. McQuibban pointed out that it would scarcely be feasible to pay the Province with goods on hand. "In reality," he said, "you couldn't pay the \$449,000, for it was represented by bottles on the shelves."

Figures on Highway.

On his particular reference to the committee, Mr. Hipel quizzed R. M. Smith, Deputy Minister of Highways. He establishes that the price of the stretch of Guelph-Waterloo Highway in question was 45 cents, the lowest tender, which won the award for the Bergman Construction Company. The department furnished cement, gravel and sand, raising the cost of the work to approximately 59 cents per yard.

Next, Mr. Hipel drew the admission that a contract in the same area had been awarded, without public tender, for \$1.59 per square yard. Highway Minister Macaulay suggested that conditions of the two jobs were not comparable, in view of bridge and grading work involved. Mr. Hipel then brought up another stretch of work, near the preceding ones, which had cost the department 79 cents a yard. With production of this information, he was well satisfied to let the matter rest for the time being.