

Public Accounts.

“Subsidies.” As this Act authorized the Dominion Government to pay the principal of the subsidy it was deemed advisable to show the amount as a liability.

The average rate of interest on the gross debt was \$3.23 per cent against \$3.29 per cent in 1894-5, whilst the net rate was \$2.80 per cent against \$2.87 per cent in the previous year.

The arbitrators on the disputed provincial accounts have had several meetings since my last report was submitted to your predecessor and have given their awards on various points. The principal were on, (1st) a claim of the provinces to be credited with 25 per cent of the amount, \$756,710, at the credit of the townships of Lower Canada and the town of Sherbrooke on 1st July, 1867, which, under the Seigniorial Act, might have been paid off at the rate of 75 cents on the dollar. In paying those municipalities which applied for the principal of their indemnity, the Dominion, up to 1873, kept back the one-fourth, as authorized by the Act, but after the passing of the Act of 1873 wiping off the excess of debt of the old province of Canada, the Dominion paid to the remainder of the parties interested the full amount of their indemnity and re-imbursed to the others the amount that had been at first retained. The provinces claimed that the Dominion had no right to do so, that the one-fourth so paid should have been retained and that the amount ought, in the settlement of the accounts, to be credited to them. A claim was also made for the premium at which an India 5 per cent bond for £140,000 sterling held in the sinking funds to meet a loan maturing on the 1st January, 1869, might have been sold. This would have amounted to £16,100 sterling. On these two claims awards, from which no appeal can be taken, were given in favour of the Dominion. As interest on both amounts would have followed the principal it will be seen that the Dominion has been relieved of a very large liability. Awards have also been given on other minor points.

Under an order of the Board of Arbitrators, three referees, Hon. A. M. Ross, for Ontario, H. M. Machin, Esq., for Quebec, and M. G. Dickieson, Esq., for the Dominion, were appointed to examine and make up the accounts in dispute. As the result of their examination after conference with counsel an agreement was reached concerning all the items which had been charged against the province of Canada with the exception of twenty-one amounting to \$81,189.34. These were submitted to the Board and directions were given as to the manner of dealing with them and other items in which the Provinces alone were interested, as will be seen by the award of 18th June, 1896. Under this award the Provinces are relieved of charges amounting to \$11,754.41.

The Dominion made a claim for gratuities, amounting to \$22,819.10, paid to officials of the Senate whose services had been dispensed with or whose salaries had been reduced on 1st July, 1867. This was thought to be a good claim, but as it was found that the amount though at first charged had been afterwards credited to the Province, and had been so reported to Parliament by the Auditor General in the Public Accounts of 1868-9, the claim was dropped, and the Counsel for the Province notified accordingly.

I have deemed it advisable to have printed herewith the Acts and other documents constituting the Board of arbitrators and all their awards up to date.