

The effect of these changes has been to reduce still further the rates paid by the Dominion on its indebtedness; the rate on the debt payable in London being now 4.43 per cent.

In my report on the Public Accounts of 1879-80, I drew attention to certain funds (Seigniorial and Indian) for which the country was paying higher rates than now rule. In the case of the Seigniorial Fund, on the 1st July last six months notice was given to each holder of the intention of the Government to redeem the same, and that portion of the indebtedness is now being paid off. With respect to the Indian Fund it was found that enquiry would have to be made into the origin of each tribal account, and I propose during the recess to report on the same. I may add that, with a view to further reduce the rates payable by the Government, proper notice has been given to redeem the 10-30 6 per cent bonds, issued by the Province of Prince Edward Island, and twelve months notice has been given to holders of 5 per cent. D. stock with the option of payment before its expiry.

I also referred in the Report of 1879-80 to the unsettled condition of the Accounts between the Dominion and the Provinces of Ontario and Quebec, and I ventured to hope that a settlement would take place during the year. I regret that this hope has not been realized, notwithstanding that notice was sent from this Department to the Treasurer of each Province, that at any time, as they might agree upon, the Department was willing and desirous to meet them and close the Accounts. As the delay is injurious to many interests, affected by the award of the Arbitrators, I trust that steps will be taken early during the recess to have an adjustment made.

I desire again to draw your attention to the desirability of a revision of the Balance Sheet, and in this connection I may state that I find that in the Imperial Parliament occasional Acts are passed to wipe off unproductive and valueless assets—this, of course, being after investigation and report by the Public Accounts Committee. I need say nothing further on this point as I understand it to be your intention to bring the subject before the Committee.

I mentioned in the Report of 1879-80, that I had arranged with Messrs. Baring Brothers & Co., to transfer, at the close of the calendar year 1880, to the credit of the Government of Canada the balances remaining in their hands, representing unpaid coupons of Bonds domiciled at their house—the sum thus transferred amounts to £1,823 8s. 5d. Sterling, which I have had placed to an account called "Unpaid Coupons" pending examination of the same. Messrs. Baring have also credited the Government with £200 for Unpaid Debentures. I have given instructions to have the matter of the Unpaid Dividends thoroughly examined with a view to its adjustment.

The Auditor-General has called my attention to a slight infraction of the law in the case of the settlement of the affairs of the late Bank of Upper Canada. By the