

The rate of interest paid on the gross debt during the year averaged \$3.52 per cent. against \$3.45 per cent. during the year ended 30th June, 1888, the increased rate being due chiefly to the fact that prior to the 30th June, 1888, a portion of the recent 3 per cent. loan had been received, upon which no interest at that date had accrued. On the net debt, however, the rate of interest decreased from \$3.12 per cent. to \$3.07 per cent., as a result of the increased amount received in the way of interest on investments.

The balance of the above mentioned loan has since been received, and it will accordingly be observed that the funded debt payable in London has advanced from \$176,691,775.89 to \$188,239,439.90. Against this an increase of \$1,736,644.34 has taken place on the Sinking Funds, which amounted on the 30th June last to \$22,730,298.73.

I regret that since my last report comparatively little has been accomplished towards the settlement of the outstanding accounts between the Dominion and the Provinces of Ontario and Quebec, and we are now practically in the same position with regard to them as we were a year ago. I would strongly urge that by reference of cases to the courts, or in some other way, a settlement of the principles involved be arrived at, in order that further delay may, if possible, be avoided.

The cost of the management of the Department during the year, was as follows:—

|   |             |
|---|-------------|
| Salary of the head of Department.....   | \$ 7,000 00 |
| Salaries of the Departmental staff..... | 52,090 71   |
| Contingencies.....                      | 10,749 73   |
|   | \$69,840 44 |

The profit derived from the silver coined, amounted to \$52,774.21, an amount more than sufficient to cover the salaries of the staff.

I think it but right that mention should be made of the zealous and effective support I have received from the officers of the Department in the administration of its affairs.

I have the honour to be, Sir,

Your obedient servant,

J. M. COURTNEY,

*Deputy Minister of Finance.*