

of the country by a very large amount, but in reality you are not.

Hon. Mr. FIELDING. This is only intended to show the amount of interest we will have to pay. The actual amount of the public debt, which we will owe on the 1st of July, it is now difficult to determine, and we can only state it approximately. In any statement of the public debt, the temporary loans must of necessity be included. Otherwise the statement would be misleading.

Mr. R. L. BORDEN. When does the loan fall due to which my hon. friend refers?

Hon. Mr. FIELDING. A large loan of about \$20,000,000, falls due in May.

Mr. R. L. BORDEN. Have arrangements been made to convert that into temporary loans?

Hon. Mr. FIELDING. The Deputy Minister of Finance is in London to arrange matters and the details are not yet public, but substantially what is proposed is that the duration of the loan shall be extended for three years, with the option during that time on the part of the shareholders of converting it into a new issue. I prefer not going into more details at present with regard to rates and so forth, as the transaction is not officially before the public, but the plan is to extend the duration of the loan for three years at rates to be agreed on, with the right to the shareholders to convert during that period the old loan into a new issue of stock at a rate to be fixed. The idea is that financial affairs will re-adjust themselves during that interval, and we will then be in a better position to issue permanent debentures than in the present state of the money market.

Mr. CLARKE. What is the present rate of interest of the loan now maturing.

Hon. Mr. FIELDING. The loan expiring is a four per cent loan.

Mr. OSLER. I think that the proposition of the hon. minister is the only possible way to be adopted just now, in the present state of the money market, but it seems to me rather risky to have left the renewal until within two or three months of the maturity of the loan. That large loan should have been provided for some time ago. It would be very risky for any ordinary corporation to leave such a large amount at the risk of the money market without arranging for its renewal.

Hon. Mr. FIELDING. I may say to my hon. friend that we have not been neglecting this matter, but that it has been engaging very carefully the attention of the department for quite a number of months past. I sent Mr. Courtney to London long before the loan matured in order to make preparatory arrangements, but my hon. friend is

Mr. BORDEN (Halifax).

aware, that, bad as the money market is now, it was worse then. We have been keeping in close touch with the market and seeking the most available moment to have the transaction placed upon it.

Mr. R. L. BORDEN. The first despatch seemed to indicate that the matter had progressed further than my hon. friend mentions to-day, but possibly the despatch may not have been accurate. I think it was stated that the government was obtaining a three years extension, with the option on the part of the debenture holders to convert their bonds now maturing into a permanent loan at four per cent, at 105.

Hon. Mr. FIELDING. The rate is three per cent. We are not getting 105 for a three per cent loan.

Mr. R. L. BORDEN. What I meant was that the debenture holders were to get £105 for every £100 they now hold.

Hon. Mr. FIELDING. They would get £105, or thereabouts of the new loan for £100 of the old loan, which would mean that the government would float the new loan at about 95. The despatch to which my hon. friend refers was published before the transaction was really concluded, although in the main it indicates the plan correctly.

Brokerage on purchase of sinking funds, \$5,600.

Mr. R. L. BORDEN. What is that?

Hon. Mr. FIELDING. It is the customary charge of the banks over there.

Mr. R. L. BORDEN. What is the actual transaction?

Hon. Mr. FIELDING. When we purchase securities for a sinking fund, the custom of the market is to make the purchase through a broker and a small commission is paid—one-eighth of one per cent. As we will have less sinking funds to provide for, owing to some of the loans maturing, a smaller sum will be paid for commission.

Expenses in connection with the issue and redemption of Dominion notes, \$13,300.

Mr. R. L. BORDEN. Will the hon. minister explain the increase?

Hon. Mr. FIELDING. It is due to the increased circulation and the desire of the House to have the old notes destroyed and new ones issued.

Mr. CLARKE. How many bills of one and two dollars did the department destroy last year?

Hon. Mr. FIELDING. We have destroyed a great many, and I will have a statement prepared later.

Mr. CLARKE. What steps have been taken by the department to secure similar action on the part of the chartered banks?