

the payments on the guaranteed Intercolonial Loan, after deducting a portion only of the expenditure on the work, amounted to - - - - - \$2,927,773  
 while the funds on hand were - - - - - 2,588,058  
 In the quarter ended 31st December 1868, the payments had amounted  
 to - - - - - 5,468,523  
 while the funds on hand and invested, were - - - - - 5,497,688  
 In the quarter ending 31st March 1869, the payments had amounted  
 to - - - - - 6,488,165  
 while the funds on hand were - - - - - 6,972,881  
 And up to the 16th June instant, the payments have been - - - 7,363,654  
 while the funds on hand were - - - - - 9,632,055  
 whereof 2,000,000 dollars will be required for the payment of interest at an early day.

From this official statement it is therefore manifest, and your Excellency's Advisers deem it their duty to re-affirm, that the possible measures contemplated in the Minute of August last, were prompted not with the object of providing for any temporary necessities of Canada, but solely as a means of avoiding the loss of interest which would otherwise have arisen. Ample arrangements had been made previous to floating the Loan for meeting the accruing engagements of Canada. These arrangements were actually countermanded, the maturity of other loans was anticipated, and payments made in advance, when the possible expediency of finding employment for a portion of the Intercolonial instalments forced itself upon the consideration of the Canadian Government.

As to the means provided for making such portion of the Loan as might have been or may be used, instantly available, it is perhaps even less necessary again to enumerate them in view of the facts disclosed in the reports of the Auditor General and the Deputy Receiver General.

The work of the Intercolonial Railway is admitted to be one for the benefit of the empire at large, as well as of Canada, and it is certain that for many years it will be a heavy charge on the Canadian Treasury.

The Government of Canada believe they would have been greatly wanting in their duty had they not sought to avail themselves of every proper means of making the burden, in the way of interest, as light to the Dominion as possible during the progress of construction, especially at the present moment, when the consolidation of British interests in North America by the union of new provinces and the acquisition and government of new territories create an exceptional strain on the resources of the country. Had they wantonly allowed the money to remain unemployed without making an effort to invest it temporarily on the conditions of perfect security and instant convertibility, or declined to consider it as an available reserve, they believe they would have exposed themselves to the just censure of the Parliament, to which alone they are responsible for the management and prosecution of the work, and to which they must look for the means of meeting the Loan; and they cannot believe that it either was, or is the deliberate wish of the Imperial Government to have subjected them to any such loss.

As the matter now stands, it has been shown above that the Government has at all times had available cash to the full extent of the uninvested portion of the proceeds of the Loan; but a very considerable reserve must always be kept in the hands of the bankers in Canada, and agents in London; and if instead of placing all the moneys received in one account, a separate account had been kept of the proceeds of the Intercolonial Loan, the effect would have been, that, to this extent, the Dominion would have been paying the agents five per cent. on their advances, whilst they were allowing one per cent. on the special deposit. There would have been a similar loss of interest with the bankers in Canada; a loss which the Government did not feel itself justified in incurring for the sake of a nominal separation of the accounts.

No other investment is either so available at a like rate of interest as the securities of Canada, nor is there any in which the Government of Canada felt it could with such entire confidence place a portion of the surplus funds at its disposal. For every farthing not otherwise invested, Exchequer Bills were delivered to the Receiver General, and held by him specially for the Intercolonial Fund under an Order of Council. The Exchequer Bills were held in case the other means provided should by any possibility be inadequate, over and above the cash balances in the hands of our bankers and fiscal agents, which were always available to the full extent of the Loan. They are receivable in payment of duties of customs and excise, amounting to about 12,000,000 dollars per annum, and it is, therefore, beyond all question that the amount would be forthcoming, even from that source alone, to meet any sums needed to replace the Intercolonial Loan. In truth, the entire revenues of the Dominion were pledged by anticipation to meet any part of the Intercolonial Loan which might be temporarily used.

Your Excellency's Advisers think they may not unreasonably suggest whether the solicitude evinced by Her Majesty's Government respecting the custody of the money may not have its origin in the extreme precautions taken by the Canadian Government, and in the arrangements they made to provide for a much larger amount of that Loan than it has been in their power to invest, with a due regard to the conditions of perfect security and immediate convertibility.

They now challenge the fullest investigation into the sufficiency of the provision they have made for the instant availability of the moneys to the Treasury, for the purpose of being expended on the works.

While your Excellency's Advisers thus assert the right, and believe it to have been their unquestionable