

the date of Confederation, the 1st July, 1867, the average rate was 5.21 per cent.; on the 1st July, 1879, the average rate was 3.95 per cent.; on the net debt during the same periods, the decrease has been from 5.41 per cent. to 4.51 per cent.; whilst on that part of the debt payable in England the decrease has been from 5.55 per cent. to 4.57 per cent. The undersigned anticipates that a still further reduction will be shown in the next Public Accounts, in consequence of a further amount of six per cent. debt having matured and been paid in England, and the six per cent. stock in Canada having been refunded into five per cent. stock.

The undersigned has had his attention chiefly occupied during the year with the reorganization of the Department rendered necessary by reason of the incorporation with it of the Department of the Receiver General. This change has been accomplished, and the undersigned is now engaged in an examination of the several accounts in the Balance Sheet, comprised under the heading of Miscellaneous and Banking, with a view to the adjustment of such as may be found to require it; and whilst on this subject, he begs respectfully to direct your attention, and through you the attention of the Public Accounts Committee, to several items included in the Assets side of the Balance Sheet, under the heading of Public Works, as, in his opinion, the time has come when, for the following reasons, this part of the statement of affairs should undergo revision.

Since Confederation the practice has been to charge only to Capital Expenditure the sums paid as additions to the Debt Accounts of the several Provinces forming the Dominion, the further sums paid for the surveys and construction of the Pacific, Prince Edward Island and Intercolonial Railways, the completion and extension of the Public Buildings at Ottawa, and the enlargement and completion of the Canals, and with the exception of the amounts paid for the purchase of the North-West Territory and for the organization of Government therein, no other expenditures have been entered in the statement of affairs. In fact, the only additions to the Capital Account in the Balance Sheet have been expenditures for what may be considered as national undertakings, and the annual outlay for new Custom Houses, Post Offices, Lighthouses, Piers, Dredging, &c., &c., has been made part of the ordinary expenditure. Before Confederation this was not the case, and many items now appear in the Balance Sheet which, had the present rule been always in use, would never have appeared there; and as the officials who had cognizance of the expenditures are gradually falling out of the Public Service, the undersigned considers the subject should have immediate attention. The value of the Public Works Assets, as exhibited in the Balance Sheet, amounts to \$101,396,587.67, and if divided in the two classes, might possibly be distributed as follows: (but these figures should be compared with the amounts shown in the books of the Departments of Railways and Canals and Public Works as the respective costs of the several undertakings.)