

To the Honourable

Sir S. L. TILLEY, C.B., K.C.M.G.,

Minister of Finance.

SIR,—In compliance with the direction contained in Act 41 Vic., cap. 7, sec. 35, (the Audit Act) the undersigned has the honour to submit herewith the Public Accounts for the year 1878-79, and in so doing he begs to observe that with the exception of the omission of the abstracts of expenditure compared with the estimates, he has deemed it advisable to prepare the accounts in the same manner as in past years.

It will be observed by the preliminary statements appended to the Public Accounts, that the chief transactions during the year were the receipt of £922,784 2s. 1d. stg., on account of the Halifax Fisheries Award, and the placing in December 1878, of a four per cent. loan of £3,000,000 stg. on the London market; one half of the loan bearing the guarantee of the Imperial Government, the other half being unguaranteed. On the other hand, a six per cent. loan for £1,547,000 stg. matured during the year and was duly paid. Payments also were made on Capital Account, as follows:—

Lachine Canal		\$958,053	30
St. Lawrence Canal.....		152,357	82
Ottawa River Works.....		293,652	33
St. Peter's Canal.....		107,337	75
Welland Canal.....		1,552,697	41
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		3,064,098	61
Public Buildings, Ottawa.....		77,179	34
Intercolonial Railway.....	\$226,639	19	
Prince Edward Island Railway.....	40,129	05	
Pacific Railway —			
Construction..	\$1,959,161	55	
Surveys	281,123	92	
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		2,507,053	71
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		\$5,648,331	66

The effect of the transactions of the year has been to still further reduce the rate of interest payable by the Dominion on its indebtedness. On the gross debt at