

as to what should be paid in this case and we have mutually agreed to have the issue referred to the Exchequer Court. This other question of the payment of 4 per cent or 5 per cent interest on a certain sum is a matter of negotiation between the two governments at this moment. No steps have been taken to have a judicial determination of the matter but we agree that we should have in some form or another a determination of the question.

Mr. R. L. BORDEN. Does that refer to the item on page 11 of the Public Accounts:

Sundries, settlement of accounts between the Dominion and the province of Canada and the provinces of Ontario and Quebec, \$2,305,-450.24.

—or is it included.

Hon. Mr. FIELDING. Yes, the item to which my hon. friend refers covers that.

Mr. R. L. BORDEN. Why is it put in there as a credit?

Hon. Mr. FIELDING. It is a summary of various items and of course details must be given. In view of the discussion which has arisen and the question raised by my hon. friend from Halton (Mr. Henderson) I think it better that I should have a detailed statement prepared showing how these changes are brought about in the accounts, and at an early date I shall lay on the table a statement showing how these results are produced.

Mr. R. L. BORDEN. It seems to me the item at page 11 would represent an indebtedness payable by the province to the Dominion instead of an indebtedness payable by the Dominion to the province.

Hon. Mr. FIELDING. There are items on both sides of the accounts.

Mr. R. L. BORDEN. If you include it on that side of the account it must represent in the end a balance owing by the provinces to the Dominion. It is there put in as a credit to the Dominion.

Hon. Mr. FIELDING. These are various sums which as a result of arbitration have been placed to the credit of the Dominion.

Mr. INGRAM. I am not quite clear as to the explanation given. I understand the Dominion government is anxious to reduce the interest payable to the Ontario government and afterwards the hon. gentleman says that instead of the \$142,000 annual subsidy to Ontario, that the Ontario government can collect a capitalized account. The question then arises as to what is legal. This government is insisting on the Ontario government reducing their interest on the trust funds. Then I would say why not be consistent and ask them to reduce their interest on the capitalized amount, and if they fail to do that and it is a legal item why does this government not insist on paying the

cash and thereby save the extra interest paid by the government in this \$142,000? I do not think they can legally collect that capitalized account; in the first place, that was given as an annual subsidy to the province of Ontario, but the Ontario government are taking advantage of that by capitalizing it and using it to figure out a mythical surplus, and I think the hon. gentleman is rather putting it in the mouths of the Ontario government to use that argument by the statement that he has made here to-day. As similar statements have been made in this House before I do not think this government is doing their duty unless they insist on a settlement of this upon a cash basis.

Hon. Mr. FIELDING. I did not say that the Ontario government could legally collect that amount. I said that that question would not be worth our while to debate, because as the money is earning five per cent it would be very foolish for the Ontario government to endeavour to remove it from our treasury even if they could. Whether they could do so or not is not a profitable subject of debate. As to the other part we have claimed that a certain portion of these moneys do not stand in the same position as subsidy moneys, and now that the amounts have been determined it is an ordinary question of account as between two parties. It has been found that as respects that class of account we owe Ontario so much and we say that as we owe Ontario that money we can do as any private person, pay the money and square the account, or arrange that Ontario shall leave the sum in the Dominion treasury at a rate of interest mutually to be agreed upon. We have proposed that at present, they leave the money there at four per cent. The Ontario government claim that we have no right to pay that money off but must pay them annual interest upon it at five per cent, whether we wish to do so or not. If we cannot effect a settlement by mutual agreement, I presume that we will have to submit a case for adjudication.

Mr. INGRAM. What about the other item?

Hon. Mr. FIELDING. Nobody is asking to withdraw it and therefore we are not called upon to say anything about it.

Mr. INGRAM. Would it not be in the interest of the Dominion that the capital amounts be paid, so that we would not have to continue to pay as high interest as 5 per cent? Why does not the government do that?

Hon. Mr. FIELDING. Because the matter has only recently come up as an issue, and we have not determined what is the best method of settling it. We have presented our views to the Ontario government and they have objected; we have referred our views to the Department of