

date, the by-law makes provision for equal annual payments by the parties assessed. They do not pay so much for principal and so much for interest, but supposing the debenture to be issued for fifteen years, their respective amounts will be apportioned in fifteen equal annual payments.

Mr. CLANCEY.—Are these five per cent. debentures valued according to that reduction?

Hon. Mr. Ross.—Yes. Let me illustrate it in regard to those where there have been fixed coupons attached. They will continue to pay the full amount of the coupons hereafter, and the amount of the difference of one per cent. will be placed at the credit of Sinking Fund. Now take, on a basis of five per cent., a loan of \$100, say tile drainage. On a loan of \$100, the party borrowing would have to pay \$8 a year for twenty years; five per cent. for interest and three per cent. for Sinking Fund. Now, the calculation shows that under our four per cent. plan he will continue to pay \$8, but instead of making the full twenty payments, if he made his loan in 1880 he will only have to pay eighteen full payments, and \$7.68 upon the nineteenth; he gets credit, therefore, for one full payment and thirty-two cents. Then, taking a loan made in 1885, he will get credit for two full payments; he will only have to make seventeen full payments, and he will have a credit of sixty-six cents on the eighteenth, the last two being wiped out altogether. Thus you will see that not only do the municipalities get the full benefit of the reduction of interest, but it prevents the confusion which would arise if the municipal clerks would have to make the reduction each year.

I am sorry, Mr. Speaker, that I am not able at the present time to report any definite progress in connection with the settlement of the accounts between the Dominion and the Provinces. The absence of the Finance Minister and Deputy Finance Minister in England immediately after the close of the session of the Dominion House (and afterwards their engagements in connection with the Fisheries question), has prevented an opportunity of getting these officers to take up these questions at all, but though no definite settlement has been made, and no meeting has taken place, yet we are not without having made some progress towards a settlement. We are in the way of removing some of the difficulties. One of the difficulties was the interpretation of the Award in connection with the Upper Canada Land Improvement Fund, a question in which all the municipalities (at least a very large number of them) are interested, and I may be permitted,