way: I stated a few moments ago that the under-estimate of 1878 for interest was $285,891, and the basing of the estimate of the current year upon the estimated amount of interest for last year led to an error to that extent in the estimate for the current year. The error of the last year occurred in the following way: the late Government probably estimated on a loan of £2,500,000 instead of £3,000,000, which would make a large difference. The 6 per cent. stocks that matured last year and were payable by the Government on six months' notice, were probably estimated by my predecessor at 5 per cent., and as notice was not given, the result was that those securities paying 6 per cent. were only redeemed in December or January last, and this made a difference of $40,452. The sale of 5 per cent. stocks was estimated below what was sold during the year; and then there was paid to our financial agents in London, $24,293; to Morton, Rose and Company, for interest on temporary loans made by my predecessor, amounting to £500,000, the sum of $47,893; and to the Bank of Montreal for temporary loans on general account (which contained a loan of £500,000), $64,472; interest on seignorial indemnity, $25,193; a difference in the amount of the estimate of deposits in the Savings Bank during the year of $7,533. 47, making altogether $288,891.87 of an under-estimate. As our estimate of this year on interest account was based on that estimate, we had as the result a large under-estimate under that head of $280,000 and odd dollars. Then, Sir, during last year a new loan was necessary. There were 6 per cent. debentures for £400,000 sterling, falling due in England on the 1st January—£600,000 in addition to these falling due on the 1st July next. There were also the $4,000,000 of 6 per cent. securities falling due in Canada, of which the Government gave notice in May last that they would, at the expiration of six months, either pay them or substitute 5 per cent. securities for them. The expenditure on Capital Account of the present year must amount to something like $10,000,000. It was therefore decided that a loan should be negotiated, not only for the purpose of the payment of the 6 per cent. liabilities falling due in England, but that we should also be in a position, in the event of the parties holding the securities in Canada, asking for money, instead of their accepting 5 per cents in lieu thereof. A loan of £3,000,000 was therefore placed on the market, though the money was not immediately required, as the time was considered a favourable one. This left the Government with a large amount of money for the time being, a considerable portion of which is now deposited in the banks of the Dominion, bearing from 3½ to 5 per cent. interest. So we have an offset of $250,000 on the credit side to meet additional charges for interest. This swells up the interest account $250,000 above the Estimates. The whole expenditure estimated for the current year, from the Estimates now on the Table of the House, is $25,478,000. The expenditure on the Intercolonial Railway will, however, be $300,000 less than the estimate, the fact being that, during the first six months of the last year, there was a deficiency of $380,000, and the returns show that for the first six months of the current year the deficiency is but $34,000. Under these circumstances, we are prepared to state that the expenditure will be reduced for the maintenance of Public Works $300,000 less than the estimate, and that the lapsed balances, which are generally large, may be fairly estimated at $200,000, making a deduction of $500,000, leaving the estimated expenditure of the current year at $24,978,000, against the first estimate of $24,450,000, or $500,000 of an estimated deficiency. Now, when it is considered that the deficiency of last year, had it not been for the exceptional circumstances I have named, would have been over $3,000,000, and we are enabled to show in the present year a deficiency of but $500,000 or thereabouts, I think that under those circumstances, and in view of the fact that, if our predecessors had estimated correctly the interest for the previous years, the result would have been that our Estimates would have been very nearly realised, we can justly claim that, in the first year of our Administration, our income and expenditure are not far from being balanced. I will now call the attention of the House to the estimated income and expenditure of next year. It will be seen by the estimates of next year that the expenditure is