

being willing to make the charges on the issue of loans less, they thought, and held a very strong opinion that they were not sufficiently paid for the management of the loan, for the payment of interest and sinking fund and all other business which they had to carry on for us. And so, while being willing, as I have said, to lessen their charges on the issue of loans, their offer contemplated a considerable increase upon the management of the loan, and their reason for that was, so far as they were concerned, a reasonable one, provided the payment as a whole had not been too great before. They were paid a commission on the interest. In 1880 the average interest payable on our loans in London was of course, much larger than it was in 1890 with a tendency to decrease, owing to our placing loans on the market at a less rate of interest, and payment by them of a commission on the interest left the aggregate that came into their hands for that service less in proportion as the rate of interest decreased. Consequently, in their offer they made a proposition by which, instead of one-half per cent, which had formerly been their rate, they would require for their services £250 per million, not a commission, but a rate per million for the loan managed. That would be considerably higher than the one-half per cent commission.

Sir RICHARD CARTWRIGHT. How much?

Mr. FOSTER. One-half per cent commission would be in the neighbourhood of £200 per million. As the prospects were that the amount of loans required by the Dominion would be less than in preceding decades whilst we would not get as much advantage from the proposed lowering of their commission on the issue of loans, the management of the loan would go on at the higher rate of remuneration to them; and in the end, for a period of ten years, the cost of the charges under that proposition would have been, I think, about on an average with what it had been during the preceding ten years. I then turned my attention to the Bank of Montreal, which had before acquainted me with their desire to obtain the management of our business and take our accounts there, and the result was that I was able to make an arrangement with the Bank of Montreal which was far more favourable to us in all those respects. I cannot do better, possibly, than read the rates and contrast them with the old rates. Our old rate upon the issue of loans was 1 per cent. The Bank of Montreal will issue our loans at one-quarter of 1 per cent, a decrease from 1 to one-quarter per cent for new loans. We now paid one-half per cent commission on interest payments and sinking fund. The arrangement is that this is to be done for £150 per million of the debt, which is considerably lower than the preceding rate. In the case of redemption, there is to be no charge for retiring the loan redeemed, in case the bank

has the issuing of the loan for the redemption of the expiring one; in case it has not, one-eighth per cent is to be paid to them. Our arrangements with our preceding agents was that there was to be no charge if they issued the loan for redemption; but if they did not issue the loan for redemption, then the charge was to be 1 per cent. The Government is to pay the cost of the inscription books, which are to be the property of the Government. That was not the case in the arrangement with our preceding agents, in fact, I think it was overlooked. They paid for the stock books themselves; but I think it is of great importance that they should be the property of the Government and not the property of the agents, and I made a proposition, which will be accepted, of course, that we would take from them the old inscription books so that we may have the records complete from the first, and allow them a reasonable sum to reimburse them the cost of printing. That, however, is not a large matter. The contract in this case will run for a period of ten years, the same as before, and terminate in the same way, by one year's previous notice. On the whole, we have made, I believe, a most excellent arrangement so far as cost to ourselves is concerned, and from a very careful inquiry into the matter, I think with perfect safety so far as the management of our business is concerned, and so far as the issue of new loans is concerned. We have made this arrangement with the Bank of Montreal in this way, and I may state generally that the conditions are better by far than those obtained in the case of any colony having its financial matters managed in London, as all of them have them managed. For instance, I may say that New South Wales pays from £500 to £600 per million for management, that the colony of Victoria pays from £400 to £500, South Australia £250, Queensland from £600 to £500, Cape of Good Hope from £500 to £450, and, as I have said, our rate is £150 per million for management. The higher amount I have read is the amount per million up to a certain amount for loan management, and the lesser sum for amounts above that sum. With respect to the issue of loans, we are lower than New South Wales, South Australia, Queensland and New Zealand. The only colony which secures as good terms for the issue of its loans is the Cape of Good Hope; but, on the other hand, it pays from £500 to £450 per million for the management of its loans. I may also state, a further saving will be effected. While we paid half per cent on the sinking fund to our old agents, the sinking funds are included in the management of loans; the charge is £150 per million for the management of the loans, including the sinking fund.

Sir RICHARD CARTWRIGHT. What amount does the hon. gentleman expect to save per annum, apart from the question of the issue of loans? How many hundreds