

Hon. Mr. MACKENZIE: Had you the option of taking either rate?

Hon. Mr. TILLEY: No, the rate was 4 per cent or the bank rate of interest if it should be above that. Then it was found that between the 1st of July last and the middle of February, the Government had paid on account of the construction of the Intercolonial, \$350,000 out of surplus revenue, and some time previously had paid 300,000 pounds of \$1,500,000 out of surplus revenue for the purchase of the Northwest territory.

In the middle of February the question came up whether it was desirable, having advanced these sums, to at that time recoup the Government by putting exchange upon the market on account of these advances. Various reasons influenced the Government in inducing them to offer a portion of the amount to the public at that time. There was a scarcity of exchange at that period when large remittances were being made for imports, and if there was a scarcity of exchange, the result would be a demand for gold on the Dominion, and a consequent reduction of the circulation that was not considered desirable at that particular time.

Again it was considered desirable to offer at that time a portion of the exchange because not only was there a great demand and necessity for it, but it was then commanding a very high rate. The result was that his predecessor asked for tenders for exchange on condition that the proceeds should remain in the banks, making the exchange at 8 per cent interest. Three hundred thousand pounds of that exchange was sold, some at 9 1/4 and some at 10 1/8, and the remainder between the two figures, to eight different banks, and the proceeds were offered to those banks at 5 per cent interest.

The effect of that, at the time, was to relieve the money market, and from a Dominion point of view the effect had been that the Government had since been receiving 5 per cent for the money so deposited while they only paid 4 per cent, and they had also received for that exchange beyond what it would realize today, in the market \$15,000 or \$20,000. (*Hear, hear.*)

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LAKE SHORE IMPROVEMENTS

Mr. GILLIES asked whether the Government intended to make an appropriation, during the present session, for the purpose of repairing and improving the piers and harbours of the lake shore of the County of Bruce, north of Goderich.

Hon. Mr. LANGEVIN replied in the negative.

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CORNWALL CUSTOMS HOUSE AND POST OFFICE

Mr. BERGIN asked whether it was the intention of the Government to submit in the estimates for the present year, and appropriate a sum for the erection of a custom house in the Town of Cornwall.

Hon. Mr. LANGEVIN answers no.

Mr. BERGIN asked whether it was the intention of Government to submit in the estimates for the present year, and appropriate a sum for the erection of a post office in the Town of Cornwall.

Hon. Mr. LANGEVIN replied that the Government had no such intention.

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MOULINETTE BRIDGE

Mr. BERGIN asked whether it was the intention of the Government to build a good and sufficient bridge over the north channel of the St. Lawrence at Moulinette, in lieu of the present unsafe and insufficient structure now connecting the main shore with Sheek's Island.

Hon. Mr. LANGEVIN said the matter had been settled years ago by the payment of \$1,000 and the bridge was not now a Government bridge.

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VACANCIES IN THE SENATE

Mr. BERGIN asked whether it was not the arrangement at the time of Confederation that any vacancies which might occur in the Senate for Ontario and Quebec, should first be filled by selecting gentlemen who were deprived of their seats in the Legislative Council of the late Province of Canada at the time of the union.

Hon. Sir JOHN A. MACDONALD said there was no specific arrangement, nor could there be, but there was a general understanding that so far as the existent Government could control the matter, the first Senators should be selected out of the old Legislative Councillors, and that the claims of such councillors as could not be included at first, were to be favourably considered afterwards. He might add that there had been a further arrangement affecting Ontario, so that of the first twenty-four Senators appointed for that Province twelve should be chosen from what was usually considered the Conservative party and twelve from the Liberal party.

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ORILLIA LUNATIC ASYLUM

Mr. COOK asked whether the building heretofore used as a Branch Lunatic Asylum in the Village of Orillia, is the property of Local or Dominion Governments; if the property of the Dominion, whether it is owned wholly or partially by the Government; if party, what is the nature of the claims against it, and what is the ultimate intention of the Government in regard to the disposal of such buildings.