

ALBERTA LEGISLATURE DISCUSSING IRRIGATION

No Direct Financial Aid from Dominion—Federal Government May Buy Bonds at Par—Priority of Bonds Over Mortgages a Vital Factor

THE progress of the new Irrigation Districts Act in the Alberta legislature is very slow. Since the bill was introduced many problems have been encountered which have caused considerable trouble. General Stewart, in a statement on March 9, said that it will be impossible for the province of Alberta as a government, to approach the Dominion government for any direct financial assistance to irrigation projects, because of a written promise given by the premier. There have been intimations, however, from both federal and provincial authorities, that if a measurably satisfactory guarantee or arrangement to protect irrigation bonds, is arranged by the province, that the federal government may proceed to give aid to the extent of purchasing the irrigation bonds issued at par. It is probable that whatever federal assistance is extended will be worked out along these lines. At least, that seems to be the line the provincial government is now proceeding on in having prepared some careful engineering reports on irrigation projects, revising and amending the irrigation Acts, so that the formation of irrigation districts and the construction of projects will give the utmost assurance to investors in irrigation bonds that the projects will be a success, and last, devising some means of financial guarantee to a limited extent, until the projects are set on their feet as going concerns.

Priority of Bonds Over Mortgages

On March 11 a debate took place over the question whether irrigation bonds should have priority as liens on land in an irrigation district over mortgages held before the district was formed. Section 38 of the new bill provides for this, but it appears to have been put in without government consent as Premier Stewart, backed by his ministers, strongly objected to it. On the other hand, Col. Nelson Spencer (opposition), Medicine Hat, as strongly supported the contention, declaring that without giving the bonds such priority, they would be unsaleable.

The basis of Col. Spencer's argument was that mortgages are allowed to have priority of lien in a district over the irrigation bonds. This meant that in case of possible failure of a scheme, the bondholders would come in for recourse on the property of men which was unmortgaged, while they could not touch the property of those which was mortgaged. This was unfair to those in a district who had unmortgaged property and who might constitute a minority that had been forced into a scheme by the votes of others.

After two hours of serious debate on the subject, it became clear that this section involves the most vital principle of the bill—namely, just how much support the government shall give to irrigation projects. George Hoadley (opposition), Okotoks, and Gen. J. S. Stewart, Lethbridge, while opposing the principle of the section which would, they held, affect the validity of covenants already given, argued at the same time that the only other way out would be for the government to either buy all the mortgages in a district, and thus assume the obligation for an equitable distribution of financial responsibility, or guarantee the irrigation bonds itself.

On March 12, what amounted to practically a compromise settlement of the controversy, was virtually arrived at. The basis of the compromise is that the bonds will form a first lien on lands in the districts provided a majority of the mortgage holders in such a district do not object.

To arrive at this understanding, Attorney-General J. R. Boyle suggested that either upon the formation of a district or the proposed sale of bonds that mortgage holders in such a district be notified of the proposal by registered mail; that if 51 per cent. of them, a majority, did not object, then the bonds would be issued as a first lien. This was an elaboration of the suggestion that was first made by Premier Charles Stewart. Col. Spencer said that although the compromise was not exactly what he desired, it was satisfactory.

He thought that the compromise would probably work all right, as he doubted whether any of the mortgagees would object to an irrigation project which increased their security on the land.

The Debenture By-Law

The debenture by-law under the new act, which will be submitted to the ratepayers of the district, will set forth: The amount and terms of repayment of the loan; the total acreage to be irrigated; the sum necessary in each year to repay the loan, and the interest thereon; the estimated annual cost of the maintenance and operation of the district and the irrigation works.

A two-thirds vote is required to carry such a by-law for the debentures and if it carries, and the minister of public works gives his assent, it shall be conclusive evidence that all necessary formalities have been complied with, "and the legality of the loan and all debentures issued therefor shall be thereby conclusively established and shall not be questioned in any court."

The board of trustees then proceed to raise the loan on the credit of the district. The debentures issued to secure the loan are to provide for the payment of the whole principal money within 30 years from the time of approval of the estimates by the minister, "and shall be repayable by annual instalments extending over the whole of such period or the last 20 years thereof.

Such debentures will constitute a lien upon all the land, including the buildings and improvements thereon, appearing on the assessment roll in the district other than land exempt from taxation by the province, and upon all the property of the district and all rates levied under the provisions of the act within the district.

The form of the debentures and the rate of interest payable upon them are to be paid by the provincial treasurer who is to make arrangements for the sale of the debenture issue as may seem to him meet and proper, and will retain the proceeds until application shall have been made for them by the trustees of the district with the approval of the irrigation council. The provincial treasurer may, at any time, invest the surplus funds of the province in irrigation in district debentures, and any trustee may at any time invest trust funds in the debentures of an irrigation district.

The act contains very detailed provisions for the levying of sums in the irrigation district by the board of trustees to meet instalments of principal and interest payable upon the debentures including salaries and lawful expenses incurred in this work. A sub-section provides that "any irrigation rate imposed shall be sufficient to bring in the amount of such estimate after making all due and reasonable allowances for the cost of collection and abatement for losses which may occur in the collection of the irrigation rate."

WAWANESA MUTUAL INSURANCE CO.

In its statement for 1919, the above company, of Wawanesa, Man., reports premiums of \$69,297, assessments of \$220,629, and interest, \$11,136, a total of \$301,062. Losses were \$139,820, salaries \$29,609, and commissions, \$33,249. The sum of \$81,350 was invested in Victory Loan bonds, and \$92,607 in cash carried forward after meeting all expenses, compared with \$110,211 brought forward from 1918. Assets now total \$1,437,252, and liabilities \$94,542.

SELKIRK LOAN AND DEBENTURE CORPORATION

Application is being made to the Manitoba legislature for the incorporation of a company to carry on a mortgage, debenture and agency business under the name of the "Selkirk Loan and Debenture Corporation," with head office at Selkirk, Man., and a capital stock of \$500,000, which may be increased to not more than \$1,000,000. The names of those interested are: P. J. Smith, D. G. Ross, F. W. Hooker, W. L. Atkinson, R. C. Moody, F. A. Gemmel, G. D. Simpson, H. M. Hanneson, all of Selkirk.