

THE SITUATION AND THE OUTLOOK

III.

MUNICIPALITIES ARE FEELING PINCH

Many Bonds Are Being Held and Short-term Notes Issued—Need for Municipal Economy

Municipalities throughout the country are feeling most keenly the effects of the financial stringency. In the present condition of the money market, it is difficult to dispose of municipal bonds. Many civic authorities are therefore withholding their issues and financing present requirements, either by the sale of short-term notes or with the assistance of their bankers.

A large number of cities and towns are selling short-term notes. Municipalities, however, should not regard this method as complete salvation for their ills during the time of tight money. As Mr. H. V. F. Jones, a Canadian banker in London, has previously pointed out in *The Monetary Times*, the market generally becomes quickly cognizant of any plethora of securities of this description, and this knowledge tends naturally to react upon the price, not only of the securities already issued, but on the price at which the new issue is to be made. Prices will tend to fall and in the long run the borrower may have to bear the chagrin of discovering that all his manoeuvres to avoid a period of apparent dear money and depreciated prices, has ended in failure and possibly severe loss.

New Westminster.

The following particulars respecting the financial position of various cities and towns have been gathered by *The Monetary Times*. The city of New Westminster is not likely to issue any short-time treasury notes. So far, what temporary advances which have been required from time to time, the city has had no difficulty in arranging with their bankers. General by-laws to the amount of \$557,000 have recently been authorized by the ratepayers with large majorities. The city has also \$328,500 of last year's general debentures which will be for sale. Local improvement loans of \$616,000 are going through. There will be no hurry about disposing these bonds, as financial arrangements are made to take care of this year's expenditure.

Lethbridge and Brandon.

In view of the monetary stringency, Lethbridge, is projecting very few improvements this year, and is devoting its efforts to putting the city on a sound financial basis. The city will not likely be under the necessity of issuing short-term treasury notes to meet its obligations this year.

The city of Brandon recently called for tenders for debentures amounting to \$215,000, and is contemplating spending \$150,000 for further street railway construction, \$210,000 for extensions to the waterworks system and the construction of sedimentation basins, \$200,000 for the construction of sewers, sidewalks and paving streets, and \$35,000 for public library, public parks and bridges.

The city council has at present no intention of issuing short-term treasury notes. Proceedings are being initiated for the above purposes, but it is not the intention of the council to proceed with any more work than they can finance other than by the disposal of debentures or advances from their bankers pending improvement in the market.

Calgary's Short-Term Notes.

Calgary recently raised \$2,000,000 by the sale of treasury bills sold in London by the Bank of Montreal. Discussing the money situation, Mr. T. S. Burns, city treasurer of Calgary, writes *The Monetary Times* as follows:—"I do not think the money stringency is as great as some people think; the only thing is that we will require to pay more for it. I had a trip through the several institutions both in Scotland and England and from what I could learn the people there would have no objections to turning loose funds if the security was all right and the interest good.

"I know the Canadian cities are wanting too much money and it would be a good job for some of them if they would curtail their expenditure, which I have no doubt will require to be done. We contemplated having a lot of local and other improvements this year, but as the season is so far advanced, we cannot do all that is wanted. If we spend four to five millions this year in all kinds of by-laws that will be as much as we will be entitled to."

Edmonton is in a good position for the current year, having sold its bonds. In regard to proposed improvements, these comprise roads, sewers, water mains, etc., as well as exten-

sions to the electric light, telephone plants, and also a replacement of temporary track by permanent track on behalf of the street railway.

The finances of the city of Winnipeg are in good shape, the city having arranged for all the money it needs at present.

Present indications point to the fact that Portage la Prairie will have no need to issue short-term treasury notes. The city intends to build some granolithic walks this summer, but will be able to finance the construction of these in the usual way, that is, by overdraft at the Merchants Bank. If the money market loosens a little, the city will issue debentures for the cost of both 1912 and 1913 sidewalks, but not otherwise.

Hamilton, Woodstock and Kingston.

Hamilton will not likely issue any more debentures this year with the probable exception of some local improvement instalments which are under preparation, and may possibly be put on the open market. This city has no intention of issuing short-term treasury notes.

Woodstock is not feeling the stringency of the money market to any extent. The city sold about \$50,000 worth of 30 years' 5 per cent. debentures, close to par. The list of local and other improvements contemplated for this year is smaller than usual, so that Woodstock does not anticipate any difficulty in financing them.

Kingston, Ontario, in view of prevailing conditions, will limit its expenditure on local and other improvements to a very small amount. The city has no intention of issuing any short-term notes.

Quebec Has Funds.

Quebec city in January sold \$1,950,000 of debentures, the proceeds of which were for general improvements. A large amount of that loan is still on hand, and is being used for paving streets, building fire stations, and to complete the works of a new main from Loretto that will give the city an abundant supply of water. The city treasurer does not anticipate any more borrowing for some time.

Belleville, Ontario, has a block of \$23,414.75 local improvement debentures for sale, 5 per cent. interest, running for 20 years, also a block of \$50,000 school debentures bearing the same interest and for 30 years, for which tenders will be asked.

Brantford is in a very good position having recently sold \$250,000 of bonds at a satisfactory price, under present conditions, the money costing a shade under 4½ per cent.

Brantford is Cautious.

This issue covers the cost of all local improvements, and other works finished last fall, and provides funds for hospital and public school, now in course of construction.

The Brantford city council and their keen treasurer, Mr. A. K. Bunnell, appreciate the importance of confining any capital expenditure this year to works of actual necessity, and fortunately they have funds on hand from the sale of some real estate owned by the city, to an amount, which should take care of the cost, and obviate borrowing. The city are installing the necessary plant in order to connect with the hydro-electric system next spring, but the amount required for this at the present time is not great. For ordinary requirements, they have an arrangement with the Bank of Montreal to advance what is required, pending collection of taxes, and as the first instalment is payable on July 5th, they will not require any large sum.

Ottawa Has Bonds for Sale.

The arrangements with the Bank of Ottawa relieves the city of Ottawa from any immediate borrowing. In the autumn, however, the city will have for sale debentures amounting to \$427,400. They are for the following purposes:—

General Debentures:—Providing cost of enlarging Keefer Street drain, \$2,400; city's share of annex to Howick Hall, \$12,000; provide cost of extension of Kent Street sewer, \$7,500; cover shortage sales of debentures Smallpox Hospital, \$10,000; for fixtures, equipment, etc., Bacteriological Laboratory, \$10,000; for moving back sidewalks on Preston Street, \$10,000; cost of boring wells, \$15,000.

Electric Debentures:—Cost of changing 2-phase system to 3-phase, \$150,000.

Waterworks Debentures:—Cost of completion of high pressure water plant, \$35,000; water main extensions and new services, 1912, \$78,000; installation of flush valves on dead ends of water mains, \$4,000; re-payment of money expended on new aqueduct and intake pipe and complete same, \$85,000; provide discount on sale of debentures under by-laws 3412-3337, \$8,500; total, \$427,400.