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Government, Municipal and other Bonds bought and sold.

Western Municipal, School District and Telephone Debentures specialized in. Secretary Treasurers should communicate with us regarding the disposal of their issues.

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TORONTO

CANADIAN GOVERNMENT MUNICIPAL AND CORPORATION BONDS

Service to Municipalities

Fifteen years of service to Canadian Municipalities and Investors in Canadian Municipal Debentures enables us to give every facility to Municipalities in marketing new issues.

Our organization is represented in the principal markets of Canada, Great Britain and the United States.

CORRESPONDENCE INVITED.

THE DOMINION SECURITIES CORPORATION LIMITED

ESTABLISHED 1901
HEAD OFFICE: 26 KING ST. EAST, TORONTO
MONTREAL LONDON, E.C., ENG.

Securities Sold by the Fund.

Sometimes, although the necessity should not arise frequently, securities held by the fund have to be sold. The practice, in some instances, has been to dispose of those investments, held in the municipality's own debentures, to the municipality itself at the artificial value of par, no matter what the true market value might be. This course may have resulted on the average in the fund obtaining a higher price than the current market value, but if so, the municipality on the other hand has suffered. There is no necessity for a municipality, when purchasing securities from the sinking fund, to make a loss. The principle that should govern such sales is the same as that referred to in connection with purchases, viz.: that the best current market price should obtain. During the past year no sinking fund investments were sold by the city.

With due regard to the character of the investments which may be purchased, it will be realized that a much higher rate of interest than the assumed 3 per cent. should be earned. In 1916, all the new investments were purchased to yield 5 per cent. The great bulk of the securities held in the fund have been taken in, in past years, to yield from 3½ per cent. to 4 per cent., and as a consequence interest earnings will continue for some years at less than current rates.

Investment of moneys belonging to the fund should be made promptly and systematically. One of the basic essentials associated with every sinking fund is, that the moneys paid into it shall forthwith commence to earn interest.

UNIFORM SYSTEM OF TAXATION REQUIRED.

C. J. YORATH.

Mr. C. J. Yorath, City Commissioner of Saskatoon, gave a very instructive address before the recent City Improvement Convention, held in Winnipeg, on the subject of Finance and Administration, part of which dealing with uniformity in taxation systems, reads as follows:

The methods of raising current revenues throughout the Dominion are as diverse as other methods of municipal legislation and administration, and there is great need for the crystallization of ideas in this regard and the recognition of some established principles and methods of assessment and taxation.

In Western Canada during the boom days a system of taxation was largely adopted which provided for raising the greater part of local taxation by a tax on land alone. In some cities the assessment on improvements was reduced to a minimum, and in a few instances was entirely eliminated.

The arguments in favor of its adoption were:

- I.—That it was the simplest method of raising revenue.
- II.—That it would induce owners of land to develop their property.
- III.—That it would prevent the speculation in land.
- IV.—That it was the only fair and just method of taxation because the value of the land is entirely due to the presence and expenditure of the people.

What are the actual results?

- I.—It has proven to be the most difficult method of raising revenue and is largely responsible for enormous arrears of taxes.
- II.—It did induce owners to develop their property, so much so that property was developed beyond the normal demand, with the result that increased taxation has been incurred, rents have been reduced and the supposed benefits of the tax have acted like a boomerang against the owner.

Some owners were so obsessed with the idea of getting as much as possible out of their land that large six to ten storey blocks were built with the result that store and office accommodation is corralled upon a small parcel of land and the unfortunate owner of the balance is prevented, even if he would, from developing his property.

- III.—It did not prevent the speculation in land as while it was in operation Western Canada was passing through the greatest land speculation in its history. In fact, it stimulated speculation, as through the supposed advantage of inducing the owner to develop his property an unhealthy prosperity was created.
- IV.—No system of taxation can be just which makes it impossible for an owner to earn a fair interest on his investment and results in confiscation of his property.
- V.—It did not spread the burden of taxation over the community, i.e., through the payment of rents, etc., as owing to the unhealthy development which it partly created the supply was far greater than the demand and owners for the last three years at least have been compelled to take by way of rent whatever they were