Financial Features

BIG REVENUE FROM EXCHANGE

The Hollinger Consolidated is receiving a large revenue from the current premium on American funds. The total income from this source for the current year will probably approximate $600,000, an amount equal to close to two and a half per cent. on the company's issued capital. This added revenue has enabled the company to disburse two extra dividends of one per cent. each, and has offset to a certain degree at least some of the adverse factors in connection with mining gold at this time.

TORONTO MAY NEED HUNDRED MILLION

In the first statement given out by Toronto's new transportation commission, appointed to manage the street railway following the acquisition of the Toronto Street Railway by the city in 1921, Chairman F. W. Ellis, mentioned $50,000,000 to $100,000,000 as the possible "not distant" expenditure upon Toronto's traffics requirements, the latter sum practically equal to the whole municipal debt of today. The commission will hire experts to survey the traffic situation and will fix a fare large enough to make the co-operated railways self-sustaining.

G. T. R. BONDS IN DEMAND

The $25,000,000 twenty-year 7 per cent. sinking fund gold debenture bonds of the Grand Trunk Railway of the Canadian National Railway's System, offered by a group of bankers, headed by William A. Read & Co., were sold in a few hours last Wednesday. Subscription books were opened at 9 o'clock, and by noon the issue had been over-subscribed, it was announced at the offices of the syndicate managers.

The bonds were offered at $100 and interest. Principal and interest are guaranteed by the Dominion of Canada. The bonds are dated October 1, 1920, and mature October 1, 1940. An annual sinking fund of $500,000 is provided to purchase bonds offered in the open market at prices up to $100 and interest.

AUSTRALIA HAS SURPLUS

Revenue of the Australian Government during the last fiscal year exceeded total expenditures by $11,120,000. This information was contained in a report by Sir Joseph Cook, federal treasurer, received here by Mark Sheldon, Commissioner for Australia, from Premier W. M. Hughes.

The total revenue was $263,915,000, of which $252,795,000 was consumed in expenditures. War expenditures of the Commonwealth totalled $1,905,745,000. More than 18 per cent. of the war cost was met by revenue, and the remainder from war loans.

Australians were taxed lightly during the war, and when money was easy, compared with Great Britain, the treasurer reported to Parliament.

"The taxation in Australia," he said, "including both Commonwealth and states, is ten pounds 13 shillings and 9 pence per capital, compared with 22 pounds 3 shillings and 11 pence in Great Britain. Further borrowing abroad is out of the question on account of almost prohibitive cost, while borrowing in Australia becomes more difficult with each successive loan. In either case, heavy charges for interest and sinking fund must be met, and these already are burdensome.

"Facing these conditions, the Government has decided to reduce further borrowing to the absolute minimum, and to provide greater sums from revenue than hitherto. The present deadweight war loans will be reduced by definite sinking funds, for only by this means is it hoped to delate credits to lower prices and to return to conditions of sound finance."

BELLEVILLE SELLS NEW BOND ISSUES

Two municipal bond issues were purchased last week by A. Jarvis & Company. One was $50,000 county of Lincold 6 per cent. bonds, payable in ten instalments. At the price of 96.50 the money costs the county 6.74 per cent. The other issue comprises two blocks sold by the city of Belleville, one of $38,000 6 per cent. bonds maturing in thirty years at 92.75, and the other $3,000 maturing in twenty years at 93.58, both being bought on a basis of 6.55 per cent.

MANITOBA FINANCES

Government departments have been ordered to cut all expenditures to a minimum by the Manitoba Provincial Treasurer, Hon. Edward Brown. This is to ensure that expenditures will not exceed the revenue for the fiscal year. In spite of the many expenditures unforeseen this year, including $135,000 for grasshopper extermination and $140,000 for the cost of the provincial election, the Government hopes to keep the expenditures within the estimated revenue of $9,935,264. The estimated expenditures so far this year are in the neighborhood of $8,000,000.

THE TAXATION BURDEN

"Sir Henry Drayton, the Minister of Finance, should be a happy man as money is flowing into the Dominion treasury in unprecedented volume, says The Grain Growers' Guide. For the past four months of the present fiscal year the Federal revenue amounted to $145,509,588, which is an increase of $16,000,000 over the corresponding period of last year. Customs collections alone are $20,000,000 ahead of last year's figures. The income tax department is collecting large amounts of arrears, and is proving that with efficient administration the income tax and excess profits tax are capable of producing a large revenue from those best able to pay. The luxury taxes and sales taxes are bringing in large sums, and it is predicted that if the present rate of increase continues the total Federal revenue for the year will approach $600,000,000, or nearly double last year's receipts. This is very gratifying, of course, from the point of view of national finances. The money, however, is being provided by the people, and is being secured in many cases at the cost of hardship and privation and a lowering of the standard of living. In addition to provincial, municipal and school taxes, the people of Canada are now paying to the Dominion Government more than $60 a year for every man,, woman and child in this country. A large part of this burden has been created by the war, and will have to be borne for many years to come. It is to be earnestly hoped, therefore, that the ease with which the Government is collecting money, will not lead to extravagant spending. Never was there a time when economy was more necessary."

THE FRENCH BUDGET

The French budget for 1921 which will be submitted to the Chamber when Parliament re-opens next month will amount to 26,000,000,000 francs as against 21,500,000,000 for 1920. On the other hand, there is to be no extraordinary budget, which for the present year was just over 5,000,000,000 francs, so that the total national expenditure is about on the same level.

A special budget summing up the cost of reparations in the liberated area and pensions which the Versailles Treaty enjoins, must be borne by Germany, amounts to 24,000,000,000 francs for the coming year, as against 20,000,000,000 this year.

Finance Minister Francois-Marsal lays stress on the elimination of the extraordinary budget which represented expenses mostly of the army and navy not voted by Parliament, but his estimates show an army increase of 4,000,000 francs.

It is probable, however, that the Nationalist majority will not raise very serious objections to an expenditure whose most evident purpose is the maintenance of French prestige in the Near East.

The minister hopes that the budget can be met from revenue, which was not the case for the present year. He estimates a return of 40,000,000,000 francs from the war benefits tax on the gross business turnover, but even if he can avoid taking a part of the proceeds of the coming loan to make ends meet—which he was forced to do with the last budget—he will be almost certain to repeat the expedient of reckoning as revenue the proceeds of the sale of American army stocks which France bought last year on a five years' credit from the United States.

As in the budget of 1920, there is no possibility of coping with the special budget of pensions and reparations which is an appalling drain upon France.

TO STEADY MARKET IN SILVER

The times are propitious for improving the currency systems of those silver countries not possessing the gold standard, asserts Findlay Shirras, Director of Statistics in India, in a paper which has been issued by the League of Nations in connection with the International Financial Conference held at Brussels this month.

Mr. Shirras declares that the advantages of the adoption of the gold standard as a system of currency have been incontestably proved in the case of India, especially between the years 1898 and 1917.

The statistician points out that an agreement between Governments regarding the purchase and sale of silver might lead to a steadying of the market and prevent speculation. "During the war," he says, "when the Allied Government purchased silver jointly, competition was to a considerable extent, so far as the Governments were concerned, restricted, and the benefits of concerted action were clear."

He recalled that an American commission on international exchange in 1903 had pointed out that a steady demand on the part of the Governments for the silver which they actually needed from year to year would tend to steady its price. He also recalled that that a Mexican commission had suggested that the Bank of England and Bank of France act for their Governments in making silver purchases.

Mr. Shirras ascribed the fluctuations in the price of silver in the last few years to a decline in production and a great demand for coinage owing to the war. Asia, he said, had enjoyed prosperity by exporting its products during the war, and India and China had taken payment by importing precious metals, notably silver .

MILLING PROFITS DECLINED

The first of the annual statements of the local flour milling industrials to make its appearance was presented to the shareholders of the Lake of the Woods Milling Company Limited, Wednesday afternoon, when, for technical reasons connected with the recent issue of new stock, the meeting was formally adjourned until November 3, next.

As was to be expected, profits from milling operations, due largely to the restrictions imposed on the industry, which were lifted only at the end of the fiscal period covered by the statement, fell below the level of the preceding year and well under those of the previous twelve months, the decrease in this respect, however, being partially offset by a gain in revenue from "other sources," which lifted the year's results almost up to the 1919 figures.

Total profits for the year, in the statement given out yesterday, amounted to $732,232, compared with $756,616 a year ago, and $857,914 in the 1917-18 period. After the payment of bond interest and dividend disbursements among preferred shareholders, which showed no variation from the previous year, there remained a balance applicable to the junior securities of the company, before the writing off of the usual $100,000 from property and goodwill accounts, of $573,232, against $597,616 a year ago, and $698,914 in the preceding period. Allowing for the increase in the common stock capitalization effected during the year, the year's results were equivalent to approximatively 23.4 per cent on the shares, compared to 28.5 per cent last year, and 33.3 per cent in 1918.

After all deductions, which included payments to common shareholders of $294,000, unchanged from the previous year, there remained a surplus of $179,232 to carry into the accounts of the current year, bringing the balance remaining at the credit of profit and loss account up to $1,161,647, as shown in the following comparison of the figures for the past three years:

LARGE INCREASE IN INLAND REVENUE

Bounding revenues again mark the monthly statement of the Finance Department. Heavy increases in inland revenue are the chief factor and under this head are included receipts from the luxury and sales taxes imposed in the last budget.

During the seven months of the fiscal year ending September 30, inland revenue collections totalled $29,451,813. In the corresponding months of last year, inland revenue collections were only $7,065,238.

During the same periods alone, income tax receipts showed a similarly heavy increase. During the seven months of this year, they were $6,585,418; during the seven months of last year, they were $1,673,628. Revenue from business profits tax shows a slight decline. For the two seven-months' periods, it was: 1919, $15,884,293; 1920, $15,189,479.

Total ordinary revenue during the month of September was $37,170,789, as compared with $26,698,840, the total ordinary revenue in September, 1919. During the seven months' period ending September 30, total ordinary revenue was: 1919, $159,085,559; 1920, $219,905,911.

Total ordinary expenditure was : September, 1919, $25,143,277; September, 1920, $16,949,075; seven months' period, 1919, $122,722,67; do. 1920, $152,624,397.

Capital expenditure in September of last year was $66,405,631, as compared with $6,881,577 last month. The reduction has been almost entirely due to lessened war expenditure. The total net debt, no credit being taken for non-active assets, now stands at $2,276,516,163.

PURCHASE FLOUR MILLS

G. Copeland Sons, millers with offices at Midland, Ont., have purchased the plant of the Sudbury Flour Mills, at Sudbury, Ont. They will wreck the mill and move it to midland. Here they will re-erect it along side the Grand Trunk Elevators. In addition to better elevator facilities secured by the new location, the present output of the Midland mills will be increased by about 1,150 barrels a day.