

MEETING OF MUNICIPAL EXECUTIVES. — (Continued).

unwise. In my opinion the Department of Municipal Affairs should be very careful not to allow this practice to get into the municipalities.

Mr. Sampson: May I go back to Article 5956n. If the report of the Inspector or Accountant shows such a condition of affairs as warrants summary action the Council shall forthwith, upon receipts of the report, take such action as may protect the interests of the municipality affected, and in default of the council so doing within thirty days from the receipt of the report, any ratepayer may take an action in law to compel the council to adopt the proper remedy. I do not think that paragraph is sufficiently specific. What is the proper action? It seems to me that, as stated in the previous paragraph, when the inspector or accountant makes certain recommendations they should be approved by the Minister and the Minister should request the Municipality to carry out those recommendations.

Mr. Morin: You may be sure, if the inspector should recommend something which the Minister will not approve of no action will be taken, but the article you refer to leaves it to the Court to decide what is just, that is what the Department has the right to ask you to do. Now supposing there is a deficit in your sinking fund and the Minister suggests that the Council should take means to replace it; you refuse to do so; a rate-payer may take an action against the Municipality to force them to do what is suggested, and the Court will decide whether this is the proper remedy. There are cases where things are done illegally with the approval of the public. Moneys have been voted for Red Cross and patriotic purposes, etc., and the rate-payers were willing and satisfied. This is an example of what may happen. The ratepayers may be satisfied, may approve of it, and not care to take legal proceedings. If they decide not to it is their own business. It is their money that is being expended.

Paragraph 3, section 5956r. relates to regulations, power given to the Lieutenant-Governor-in-Council to pass regulations to carry out the law and this paragraph empowers the Department to pass any regulations which may be necessary to carry out the law. And while I think of it I want to call your attention to the tariff passed last week which was not published in the Official Gazette a tariff imposing upon municipalities the obligation of placing upon bonds the certificate of the Minister of Municipal Affairs. A tariff of five cents per \$100 was passed for this certification of the Minister on bonds. Now as to registration the question is, is it opportune to provide for the registration of bonds to protect the interest of bondholders, and if so, where should this registration be effected; in the office of the Secretary-Treasurer of each Municipality or in the Registry Office of the County or in the Government offices? This is just now under study. No decision has been reached by the Government as yet as to what form of registration shall be effected, and we are open to suggestions. If you gentlemen who have experience have any suggestions to make we will look into the question, or you might write me, and your suggestions will receive consideration.

Mr. Sampson: The British rule is that a Registry Office shall be established within each municipality.

Mr. Morin: In that case the registration would be in the hands of the debtor and if the archives of the municipality should be destroyed by fire there would be no more trace of the bonds, or if there is any controversy everything would be in the hands of the municipality who owes the money. Then there are objections to having the registration effected in the Registry Office of the County or the Government. Personally I would favor to have registration effected in a Government Registry Office where all bond holders would know where to apply for information concerning bonds. It would be well to have agencies at Montreal and in all centres.

Mr. Sampson: There is this to be considered, that municipal registration would bring the bond holders in closer touch with the municipality and they themselves would know where their bonds were placed and this might be of material assistance to the bond holders and the municipalities.

Mr. Morin: The matter will be considered carefully by the Government. We will now proceed to paragraph 4, "Application of Moneys Realized from Loans or Bond Issues." This paragraph in brief says that you must use the money

for the purpose for which it was borrowed. Now subsections 3, 4, and 5, of paragraph 5350, are plain, and paragraph 5613 says that the mayor shall fix a day for the polls and shall give public notice at least fifteen days beforehand that such poll will be held, etc. This is an oversight on the part of the legislature in obliging the Mayor to give the notice. As you know in the past in most cases it is the Secretary-Treasurer who signs the notice, and this law seems to oblige the Mayor to do it. We want to bring this to your attention, because the department will be obliged to turn a by-law down unless signed by the Mayor as the law provides. This brings me to draw your attention to an article later on (57-82a) which provides that every by-law ordering or authorizing a loan or issue of bonds must mention the object, maturity, date and amount of each loan or part thereof not yet repaid, or the object, maturity, date and amount of each issue of bonds or part thereof not yet redeemed, and must also specify the purposes to which the sum to be borrowed is to be applied, etc. This seems to be ignored by all those who apply to the department with by-laws for loans, and we must insist that it be strictly followed. Paragraph 7 of article 5613 says that the words, "of at least one per cent. per annum," shall be replaced by the words, "sufficient to repay said loan at maturity." The new law provides that every by-law must have a sinking fund sufficient to pay within the the time limit of the loan.

Mayor Beaubien: The clause that has just been explained is a most important one and it is my opinion that it cannot work. We are going through times where it is almost impossible to make long term loans. I know that for my city had to replace a 3-year loan by a 5-year loan for one and a half million dollars. It would be absolutely impossible to provide a sinking fund for one and a half million for five years.

Mr. Morin: On page 14, subsection 34, provides that during the present war and immediately after the war if conditions make it necessary, any municipality may with the approval of the Minister of Municipal Affairs issue bonds for shorter terms than the term of the loan as fixed in the by-law, and establish a sinking fund at a rate based on the term of the loan, provided that each issue subsequent to the first one be only for the balance due on the loan. Suppose for the construction of a sewer or water-work system you borrow \$100,000 for forty years with a sinking fund to be provided in that time, you may issue bonds, by permission of the department for a short term, for three, two or five years, with the same sinking fund as the long term issue, but at the end of five years you will want to renew the loan for the balance of the forty years if conditions are favorable, or if not for another term of five years, and in that case you will only borrow \$95,000 for this term and so have a sinking fund of \$5,000.

The meeting was then adjourned. The following Committee on Resolutions having first been appointed, to meet before the evening session: The Chairman, Mayor Beaubien, Mayor Thuber, Alderman Prier, Mr. Sampson.

EVENING SESSION.

When the evening session opened at 8.15 P.M., the Chairman (Mayor Bouchard), said that the meeting would finish Chapter 60, and then take up Chapter 28, which dealt with sinking funds:

Ald. Prieur, Pointe-aux-Trembles, proposed that a clause be inserted in the Act, forbidding any municipality to place on sale any debentures carrying less than legal interest, without having first obtained the approval of the Minister of Municipal Affairs, who should enquire into the circumstances, and judge whether any municipality ought to offer bonds below legal interest.

Mayor Beaubien, Outremont, objected to this, arguing that it was unwise in any case for a municipality to cut the legal rate of interest.

The Chairman claimed that each municipality ought to know by its own financial condition as to whether it should offer a rate of interest in excess of the legal rate.

Mr. Walter Marson, Drummondville, opposed the resolution, stating that a municipality ought to have the right to vary the rate of interest, providing it obtains the approval of the Department.

The motion was then withdrawn.

The desirability of compelling every municipality to advertise the sale of each bond issue was then discussed at length, the first idea being to compel the advertising in both a local newspaper and the Official Gazette, but, after full discussion, the following resolution was adopted: