

## MUNICIPALITIES AND THEIR FINANCES

## Failures in the London Market—Toronto's Expenditures—Moose Jaw to Issue Consolidated Stock

The long series of rebuffs to new loans at the hands of the investor reached a climax in the ill-success of the great Rothschild issue. It will remain a topic of financial discussion for many a day, and many in the city are expressing the opinion that it may have a revolutionary effect upon the present system of loan issuing and underwriting, says the London Daily Mail.

"It is an event when the Rothschilds make a loan issue at all, and much more when it is not a success.

"Such an amount as \$55,000,000 is abnormal, even allowing for the fact that Brazil is a borrower.

"Another remarkable circumstance of the splendid failure was that only 6 per cent. of the issue was subscribed by the public, that is to say, only \$3,300,000 out of \$55,000,000, leaving more than \$50,000,000 in the hands of the underwriters.

"Perhaps the most remarkable circumstance of all is that as soon as the prospectus appeared, offering the loan at 97, it was offered on the Stock Exchange at 96, and has been obtainable at that or lower ever since, so that it paid investors to buy the stock in the market rather than subscribe for it on the prospectus.

Mr. C. R. Hosmer on his return from a three months' trip abroad declares London is somewhat apprehensive over excessive municipal borrowing in Canada. Not that the "backing" was doubted. But for instance, Canadian municipalities have secured 100 millions in London in six months.

## Queen City's Budget.

Toronto's City Treasurer's budget for 1913 calls for a total expenditure of \$39,046,142 and a current expenditure of \$11,744,956. This means an increase of \$7,778,843 on the total and \$2,734,856 over the current expenditure in 1912.

The difference in the figures is due to the amounts to be expended under local improvement and other by-laws being included in the total.

The following figures show Toronto current expenditure for the last ten years:—

1903	.....	\$3,503,984
1904	.....	3,794,463
1905	.....	4,091,193
1906	.....	4,479,635
1907	.....	4,989,341
1908	.....	5,520,188
1909	.....	6,081,532
1910	.....	6,874,800
1911	.....	8,073,927
1912	.....	9,010,100
1913	.....	11,744,956

The ordinary revenue of the city will amount to \$3,421,788, as compared with \$2,753,024 last year. There was a deficiency in the revenue estimated in 1912 of \$119,038. The taxes will amount to \$8,442,206.

## City of Moose Jaw Consolidated Stock.

Moose Jaw city council passed Consolidated Stock By-law No. 1, authorizing the city to issue stock to be known as "City of Moose Jaw Consolidated Stock" to be issued at par and bearing interest at 5 per cent. per annum, payable half-yearly. The total issue under the by-law which consolidates fifteen important local improvement by-laws and by-laws for raising money to construct public works is \$1,311,428.94 or £269,471-14-1.

The passage of this by-law is the result of the visit to Eastern Canada during the past two weeks of mayor Pascoe and finance commissioner Heal, and after several conferences with the city's fiscal agents, Messrs. Wood, Gundy and Company, and the Bank of Montreal authorities.

The stock will be issued and registered by the Bank of Montreal at its London, England, office in Threadneedle Street, and for the sale and all expenses thereto the bank will receive  $\frac{1}{2}$  of 1 per cent. of the amount of such interest and also  $\frac{1}{2}$  of 1 per cent. of the principal sum at the redeemable date in 1953. Also a sum equal to 1-40 of 1 per cent. on stock outstanding. The exchange of money to and from the Bank of

Montreal in London, England, to be made at the current rate of interest. After the whole of the stock has been issued, the city, under an agreement with the Bank of Montreal, which was also ratified, can cancel the registry of the stock. This means that should the city be able to secure a fixed charge of exchange or a better rate than 1-40 of 1 per cent. on outstanding stock they may change to another bank.

The cost of selling and placing consolidated stock on the market is approximately  $\frac{3}{4}$  per cent., made up as follows: Underwriting,  $\frac{1}{2}$  per cent.; agents' commission,  $\frac{1}{4}$  per cent.; issuing bank and underwriting broker,  $\frac{1}{4}$  per cent. each, equals  $\frac{1}{2}$  per cent.; making stock transferable free of tax, 1 per cent. To this must be added legal fees, printing, etc., making the total of  $\frac{3}{4}$  per cent.

## Increased Interest, Options and Bids.

Improvement by-laws aggregating \$5,112,800 in value with interest increased from 4 to  $\frac{4}{5}$  per cent., have been approved by Vancouver electors.

Dundas, Ont., is selling its bonds locally. Mr. Fry, the town clerk, expects that the remaining \$30,000 will soon be absorbed by the residents in that town.

A thirty-day option has been granted to a Toronto bond house on \$250,000 5 per cent. Calgary school debentures.

Two offers were received for the \$12,000 6 per cent. 20-year roads and bridges debentures of Elmsthorpe Rural Municipality, Sask. The offer of the Flood Land Company, Regina, was accepted.

For the \$12,257 5 per cent. 30-year pavement, and \$3,900 5 per cent. 15-year fire hall improvement debentures of Niagara Falls, Ont., three bids were received from Toronto bond houses. As previously noted, the bonds were awarded to Messrs. C. H. Burgess and Company, Toronto.

## ANALYSIS OF CANADIAN BONDS

Under the inscription "Canadian Bond Issues," Messrs. Greenshields and Company, Montreal, have issued a valuable investment manual. Nearly two hundred Canadian bond issues are classified under the following tables: (1) Cotton and Textiles, (2) Milling, (3) Pulp, Paper and Timber, (4) Steel, Iron and Equipment, (5) Industrial, (6) Public Utilities. Each security in these tables is dissected under fifteen separate heads.

This is a practical reference work and guide in the selection of Canadian bonds, and one which will meet with considerable usage by bondholders. The statistical department of this well-known firm will furnish further detailed information to persons requiring same.

## DEBENTURES AWARDED

Elmsthorpe R.M., Sask.—\$12,000 6 per cent. 20 years, to Flood Land Company, Regina.

Athabasca Landing S.D., Alta.—\$40,000 6 per cent. 30 years, to Western School Supply Company.

Milton R.M., Sask.—\$8,000 6 per cent. 20 instalments, to Messrs. Wood, Gundy & Company, Toronto.

Spy Hill, R.M.—\$10,000  $5\frac{1}{2}$  per cent. 20 instalments, to Messrs. Wood, Gundy and Company, Toronto.

## BRIGHTON'S PROGRESS

Brighton, Ont., is making satisfactory progress. This town is installing an up-to-date gravity system of waterworks. It also has cheap power, and the secretary of the board of trade is willing to forward particulars of opportunities for industries desiring a location.

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## STOCKS AND BONDS TABLE—NOTES

(u) Unlisted.

† Canadian Consolidated Rubber Bond Denominations, \$100, \$500 and \$1,000. Steel Company of Canada, \$100, \$500, \$1,000. Sherwin Williams, \$100, \$500 and \$1,000. Penmans, Ltd., \$100, \$500 and \$1,000. Canadian Cottons, \$100, \$500 and \$1,000.

‡ Quarterly.

All companies named in the tables will favor The Monetary Times by sending copies of all circulars issued to their shareholders, and by notifying us of any errors in the tables.

\*\* Trethewey pays no regular dividend. They have paid:—1906, 4%; 1907, 4%; 1908, 15%; 1909, 25%; 1910, 10%; 1911, 20%; 1912, 10%.

Montreal prices (close Thursday) furnished by Burnett & Co., 12 St. Sacramento Street, Montreal

Figures in brackets indicate in footnotes date on which books close for dividends, etc.

(1) May 20-24 (2) May 10-20 (3) May 16-24 (4) May 17-31 (5) May 17-31 (6) May 17-June 2 (7) May 24-31