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## Control of Quebec's Municipal Affairs

*Provincial Government Will Create New Department with Wide Powers—Municipalities Will Not be Allowed to do Acts Which Will Harm Their Credit in Money Markets—Reports to be Made to Provincial Treasurer—Supervision of Loans for Public Works.*

THE Department of Municipal Affairs, which is being created by the Quebec government, will have a wide field of operations. As the new system of controlling municipalities is found to meet with success, the ultimate result, according to what has been said in the Quebec legislative assembly, will mean that it will no longer be possible for a municipality, civic or scholastic, to commit acts that affect it badly in the money market. An almost complete control of civic finance is provided in the new bill, or rather series of bills on the same subject, that were taken up in the course of a protracted sitting. The manner in which municipalities are to issue their loans, obligations on the municipalities to provide sinking funds each year, and a number of other matters very directly affecting all matters of municipal finance, even to the control of the bookkeeping, are included in the new legislation.

It will be the aim of the government to see that the municipalities issue serial bonds for obligations. Each year the coupons, when paid, will pay not only the interest, but also the year's proportion of the capital, so that at the end of the term on which the bonds are issued, the principal and interest will both be extinguished.

There is to be created a department of municipal affairs, under the direction of a "minister of municipal affairs." This department will be added to one of the already existing departments for the present, but it will have its own deputy minister and own staff. The minister to whom is assigned the supervision of this department will bear the title of two departments, as for example, Mr. Mitchell might be styled "provincial treasurer and minister of municipal affairs."

One of the bills presented in the Quebec legislature, regarding the new department, deals with the deposit in certain cases of moneys intended for the sinking funds of municipal and school corporations, and to amend what is necessary in the statutes in regard thereto. Mr. Mitchell explained in the provincial house that by virtue of this bill municipalities and school corporations are obliged to create a sinking fund for the time of the loan made. This will do away with perpetual demands to the legislature each year for special favors in that regard. The law provides that when the capital of a loan contracted, or of bonds issued, by a municipality incorporated by special act, or under the provisions of the general law, is repayable by annual instalments, or by a series of consecutive and yearly instalments covering the whole term of the loan or of the bond issue, the moneys set aside each year for the sinking fund shall be deposited every year in the office of the provincial treasurer at Quebec, and so much of said deposit as may be required shall be used to meet instalments, if any, at the dates on which they respectively fall due. However, there is a provision to the effect that if a municipality can satisfy the minister of municipal affairs that it is advisable and in the interest of the municipality that the sinking fund be deposited elsewhere than in the office of the provincial treasurer, or be otherwise invested, authorization may be given to use the money otherwise than to turn it over yearly to the provincial government.

The government will allow the municipalities interest at the rate of 3½ per cent. on the yearly moneys thus entrusted to it for what is practically safekeeping, that is, to prevent the municipalities from being tempted to spend it otherwise than to meet debentures.

The government will compound the interest yearly, which will be a considerable item. When the municipality has made the yearly payments to the government to look after the loans at maturity, and when the loans are due, and consequently the government has the municipality's funds needed to meet the loan, it is enacted not that the government shall turn the money over to the municipality so that it may pay back the loan, but—still greater precaution against a municipality that is apt to be careless—the government itself will pay the money over to the bank where the bonds are to be paid. The government is simply taking no chances of collecting, say, a million dollars in the course of the term of a loan and then handing the money over to the debtor to pay to the creditor.

The moneys deposited by the government to meet municipal loans are unseizable, save and except in execution of a final judgment from a competent court rendered in favor of the lender, or of one or more of the bondholders, for whose benefit the sinking fund has been created. The moneys, if seized, must be distributed rateably amongst all the holders of the bonds.

The moneys which the municipalities are required to deposit with the provincial treasurer may be invested in Dominion or provincial stock or bonds in public securities of the United Kingdom, or of the United States of America, or in the stock or bonds of any municipal or school corporation in the province.

Provision is made whereby a tariff of fees and duties shall be paid by the interested corporations in connection with deposits and reimbursement. The purpose of this clause is evidently that the cost of the municipal department in regard to receiving municipal money and paying it out to meet municipal obligations shall not be a charge on the province; also the government by paying 3½ per cent. to the municipalities on their own money is liable to benefit by the fact that it has the option of investing such money where it wishes, and naturally at considerably higher than 3½ per cent.

Another clause provides that a municipal or school corporation which has effected a loan for which a sinking fund must be created under the laws governing the same, or which has issued bonds, shall, within the 30 days immediately following the completion of the loan, or the delivery of the bonds, make to the provincial treasurer a report, under oath, of the particulars of the by-law or resolution under which the loan was contracted or the bonds were issued; the amount of the loan or of the bonds, the amount of each instalment, if any, the maturity dates and the places of payment of the principal; the date of the completion of the loan, the name of the purchaser, and the net amount received by the corporation out of the money borrowed or out of the sale of the bonds, together with a certified copy of the by-law or resolution.

Provisions are made whereby municipal officers are forced to comply with these provisions, and whereby any trustee,