

The Province of Quebec and its Municipalities

Under the title of the "Province of Quebec and its Municipalities," Messrs A. E. Ames & Co., have just published an excellent little book by Mr. J. B. How, the Montreal manager of the firm. The work is in one sense a continuation of a brochure written by Mr. How in 1917, but while the first gave some excellent suggestions to the municipalities of the French-Canadian province the present book is evidently compiled to show the splendid standing of Quebec municipals to the outside work. . . . That such a book is wanted at this time is evidenced in the lack of knowledge, on the part of American investors of Quebec municipalities and their financial standing. During war time Quebec municipalities were easily taken up by its own citizens, but now that the war is over and the American and British markets are looking for good and safe investments the opportunities offered by municipal Quebec should be presented in a way that will give confidence to the investor. The fact that the compilation is taken in large part from official documents is sufficient indication of the authoritativeness of the book, while the conservatism and fairness of the review is guaranteed in the fact that the publishers are a responsible firm of financiers. Referring to the municipal department in the Preface, Mr. How says:—

"Most important legislation governing Municipal and School Loans has been enacted since March 4th, 1918, when the Department of Municipal Affairs was created.

The Department of Municipal Affairs, under the able administration of the Honourable Walter G. Mitchell and his Deputy, Mr. Oscar Morin, with recent Legislation, is designed to insure that all financing will adequately safeguard the investor and the issuing corporation alike. The excellent work of this Department convinces us that municipal finance in the Province of Quebec is being conducted on a safe and sane basis."

To show what safeguards are provided by the present Municipal Act against maladministration of borrowed money by Municipal and School authorities, the author gives a number of extracts from the Act itself, together with marginal notes which explain very clearly what would otherwise not be understood by the layman; though it should be said here, the Municipal Act of Quebec under which the Municipal Department was established is written in simple language in comparison with much of the municipal legislation enacted in some of the other Provinces in Canada, and in some of the States of the Union to the South.

School Loans.

A separate chapter is given to school loans, which in Quebec, being separate from purely municipal loans, is a large item in the financial administration of the Province. Mr. How says in part:—

Probably no class of security is less understood by the general investing public than Bonds issued by School Municipalities in the Province of Quebec, and we hope that the following remarks may be of interest and promote a better appreciation of these securities.

The entire Public School organization of the Province of Quebec is under the immediate control of the

Department of Public Instruction, which is under the Provincial Secretary. The Education Act (Title V.R.S.Q. 1909 and Amendments) and the Regulations of the Catholic and Protestant Committees serve as its guides and it has to see that the School Municipalities conform to them.

The Province of Quebec has Separate Schools—Catholic and Protestant. No Catholic is obliged to send his children to a Protestant School, nor to contribute any of his money to its support, and vice-versa for Protestants. Each group of ratepayers belonging to the same religion organizes its own schools, engages its own teachers and taxes itself for their support. In addition to the direct tax on the proprietors of a School Municipality, subsidies are voted by the Legislature, and joint-stock companies (even though exempt from ordinary Municipal taxes) must pay a school tax. These subsidies and taxes from industries are distributed between the Catholic and Protestant School Boards of a Municipality in proportion to the number of pupils enrolled in the previous year.

School corporations cannot contract loans without the authorization of the Lieutenant-Governor in Council, granted on the recommendation of the Superintendent of Public Instruction.

The Superintendent of Public Instruction does not recommend a loan for the approval of the Lieutenant-Governor in Council until he is satisfied that all legal formalities have been complied with.

The amounts destined to the Sinking Fund must suffice to pay, with the interest accrued every year, the whole of the capital at maturity. The Sinking Fund must be deposited every year at the Treasury Department in Quebec, which honours the instalments due at the required dates unless the Lieutenant-Governor, in the recommendation of the Minister of Municipal Affairs, allows the school board to otherwise dispose of the same.

The Provincial Treasurer pays interest at the rate of three and a half per cent (3½ per cent) yearly on moneys deposited with his Department for the Sinking Fund.

The sums of money deposited with the Provincial Treasury Department are not liable to seizure except in favour of the lender upon a judgment of a competent court.

To bring his subject down to pros and cons, Mr. How immediately follows the above information by a series of questions which are answered by Mr. Waldo W. Skinner, K.C. This rather unique way of dealing with such an important subject is more than admissible, it is to be commended, for it cuts away all generalities and gets to the point at once, particularly when the legal adviser is a master of his law. In closing, the author pays tribute to the Statistical Year Book of the Province from which he get much of his data.

As an indication of the standing of the Province of Quebec, which in reality is at the back of all new municipal loans, the following comparative financial statistics of the Provinces of the Dominion of Canada make interesting reading:

Province.	Population.	Area Square Miles.	Total Funded Debt.	Debt per Capita.	Net Debt.	Net Debt per Capita.	Revenue.	Expenditure.
Alberta	529,000	255,285	\$31,500,200	\$59.54	\$16,246,149	\$30.71	\$9,527,424	\$8,303,806
British Columbia	392,480	355,855	27,751,936	70.25	23,362,652	59.53	8,882,846	8,073,565
Manitoba	613,000	251,832	35,870,870	58.51	14,623,802	23.86	7,631,598	7,308,680
New Brunswick	351,889	27,895	18,163,089	51.62	11,167,929	31.74	3,092,211	3,665,283
Nova Scotia	492,338	21,428	13,362,706	27.14	12,874,426	26.15	2,304,076	2,849,842
Ontario	2,523,274	407,262	75,645,917	29.98	74,554,055	29.55	19,270,123	17,460,404
Prince Edward Island	93,728	2,184	818,000	8.72	673,767	7.18	501,293	523,617
Quebec	2,380,042	703,653	39,827,769	16.73	38,015,654	15.97	13,806,390	11,423,497
Saskatchewan	733,660	251,700	29,990,906	40.88	16,831,291	22.94	8,274,465	6,884,534

NOTE:—The Total Funded Debt shown above does not include Bonds guaranteed by the various Provinces, of which the Province of Quebec has outstanding only \$4,015,500.