

### An Adequate Currency for Australia.

THE United States is not alone in having to meet certain of the problems of currency reform dealt with in THE CHRONICLE'S review, last week, of solutions offered by Dr. Fairchild, of Yale University. Bankers and publicists in Australia are concerning themselves earnestly with the formulating of a system of paper currency likely to be best adapted to the conditions of the Commonwealth. Owing to its distance from the world's great money centres, Australia has banking conditions peculiar to itself. Their contrast to Canadian conditions was brought out some time since in an address before the Institute of Bankers of New South Wales, by Mr. A. P. Stewart, chief inspector of The Australian Joint Stock Bank, Ltd.

"The conditions which made the Canadian system at all possible in Canada are unknown to us, because we have no New York or London within a few hours or a few days of us in which to invest surplus cash on short terms or at call as the Canadians have. The banks in Australia usually have on hand—and as a matter of expediency must hold from £6 to £7 in coin for every pound they issue in notes—say, six sovereigns in hand for every note in the bush. This ratio is not necessary to secure and provide for the redemption of the bank-notes; but it is absolutely indispensable in order to provide for the daily-recurring exigencies of the business of the banks, and it is held by them at a cost of between £400,000 and £500,000 a year; while the Canadian banks can and do afford to run so closely to the wind that they usually issue about £4 in notes for every pound they hold in coin, and that without having to pay a heavy stamp tax to the Government for the privilege of issuing their own notes. The Canadians are in a position to take advantage of every opportunity, and many present themselves, to make their coin revenue-producing. This is a different state of things from what prevails with us, on account of our isolated position on the map of the world, and because of the difference in our environments we cannot afford to hold less coin than we do for general purposes."

The view is further expressed that "the time will never come in Australia when either the banks or the Government can safely issue a paper currency without having pound for pound behind it in coin."

That this apparently extreme opinion has prevailed largely in financial circles in Australia seems evident from the circumstance that a conference of bankers held in Melbourne some five years ago passed favourably upon the proposal that note-issues should be limited to the amount of coin and bullion held by each bank. Mr. Stewart's address makes evident, however, that there

is a strong tendency in some quarters to experiment along currency lines similar to, though not identical with those of Canada. Some evidence of the direct interest now being taken in the question is afforded by the recent holding of a fifty-guinea essay competition by the Bankers' Institute of New South Wales—the subject being "A Paper Currency for Australia." A number of the most eminent bankers throughout the commonwealth are now judging the essays submitted some weeks ago by the various contestants. It is expected that papers of practical value as well as of theoretical interest will be published as a result of the competition.



### M. L. H. & P. Report.

The sixth annual report of the Montreal Light, Heat & Power Company, covering the year ended April 30, 1907, shows gross earnings for the twelve months to have amounted to \$3,453,490. Net profits, after providing for fixed charges, interest, etc., are stated at \$1,440,582. The gross increase for the year was, therefore, \$267,387, while the net advance was \$162,095. In view of continued increased cost of material and labour, this showing is to be considered most satisfactory. Four quarterly dividends of 1¼ p.c. were declared out of the net profits, each amounting to \$850,000, and there then remained a balance of \$590,582.

Gross earnings .....	\$3,453,490.34
Expenses .....	1,529,270.10
Net earnings .....	\$1,924,220.24
Interest on bonds and loans .....	483,638.18
Net profits .....	\$1,440,582.06
Dividends paid .....	\$637,500.00
Dividend payable May 15, 1907 ..	212,500.00
	<hr/> 850,000.00
Surplus .....	\$590,582.06

Adding to the year's surplus the \$901,158 brought forward from the preceding year, gave a total of \$1,491,740, out of which there were made appropriations amounting to \$386,892 for depreciations, renewals, insurance fund, contingent account and suspense account, leaving a balance to carry forward of \$1,104,848



### The Progress of Montreal.

We publish in this issue a detailed statistical table which shows at a glance the growth of Montreal since confederation down to 31st December, 1906. There are many points dealt with in the special article accompanying the table which will well repay perusal, the writer having taken particular interest in Montreal affairs for many years.