

WHERE CANADIAN NORTHERN SYSTEM STANDS

Shortage of \$10,500,000 in Expected Proceeds of Securities —Governments to Pay Interest

Explaining the position of the Canadian Northern Railway Company, Sir Thomas White, finance minister, stated, in the House of Commons last week, that for the fiscal year ended June last, the net earnings amounted to \$6,000,000. For the present fiscal year, which ends June 30th, 1916, the estimate is about \$9,000,000. That estimate is based upon actual earnings and expenditure to the end of March, which is the latest date at which the figures are available. The Canadian Northern Railway Company have failed to realize within \$10,500,000 of the amount which they expected to realize upon the guaranteed and other securities which they had in 1914, when legislation was passed by parliament granting the guarantee of \$45,000,000. The fixed charges upon the Canadian Northern Railway system (including the constituent and subsidiary companies) aggregate about \$15,000,000, in round figures. For the past two years, since the passing of the legislation in question, the net earnings of the Canadian Northern system have been applied to two purposes, namely, the payment of interest upon securities—that is to say, fixed charges—and payments on construction account. That is to say, they have been applied to the extent that they were available, because the fixed charges and the shortage upon construction account have exceeded the amount of net earnings which they had available to apply.

Government to Pay Interest.

"Under the legislation by which a guarantee of \$35,000,000 was given in 1911 upon the securities of the Canadian Northern Ontario, and by the legislation under which a guarantee was given in 1914 upon \$45,000,000 of securities of the Canadian Northern Railway Company, provision was made that the railway company might call upon the Dominion government for a period of three years to pay the interest upon the securities and to add the amount so paid to the mortgage indebtedness. That legislation will be called into effect this year. So that from the end of the present fiscal year, that is to say, from July 1st forward, the Canadian Northern Railway Company will call upon the Dominion government, and also upon the government of the province of British Columbia—because there is similar legislation affecting the guarantee given by the province of British Columbia—to provide the sum of about \$4,500,000 towards the payment of interest upon guaranteed securities, that is to say, the \$35,000,000 of guaranteed securities, the \$45,000,000 of guaranteed securities, and the securities guaranteed by the province of British Columbia under legislation of that province.

Government's Guaranteed Securities.

"Therefore, for the next fiscal year the fixed charges of the Canadian Northern Railway Company, in so far as they have a bearing upon the financing of the Canadian Northern Railway Company, will be reduced to about \$11,000,000. The Canadian Northern Railway Company has a total outstanding funded debt of \$383,000,000. Of this amount the Dominion government has guaranteed \$104,000,000 of securities.

"There has in addition been guaranteed by the provinces of Canada no less an amount than \$107,000,000 of securities of the Canadian Northern Railway Company. Of this amount Ontario has guaranteed \$8,000,000, Manitoba has guaranteed \$25,500,000, Saskatchewan has guaranteed \$15,000,000, Alberta has guaranteed \$19,000,000, and British Columbia has guaranteed \$40,000,000, making a total, in round figures, of \$107,000,000 of the securities of the Canadian Northern Railway system guaranteed by the provinces of Canada. Taking the two together, the Dominion and the provinces, the total guarantees aggregate \$211,000,000. So that the position is that the public credit of the Dominion and of the provinces is now involved to the extent of \$211,000,000 with the enterprise of the Canadian Northern Railway Company. In addition to the guaranteed securities mentioned, and which aggregate \$211,000,000, unguaranteed securities are outstanding amounting to \$147,000,000. In addition, there is income convertible debenture stock amounting to \$25,000,000, making the total \$383,000,000, as the total outstanding funded debt of the Canadian Northern Railway system.

"To this must be added the principal of equipment securities which have been issued, instalments of which

mature from time to time. The total principle so outstanding amounts to \$17,000,000. Although the securities which are pledged against them are contained in the total of outstanding securities mentioned, there are temporary loans and obligations current amounting to \$92,000,000.

"The reason why there are so many temporary loans and current obligations is that since the outbreak of the war it has not been possible, at least until very recently, to sell long-date securities, and the financing which has had to be pursued by railway and other companies has consisted in pledging securities and issuing against them short-date notes of one or two years' maturity. The Canadian Northern Railway Company officials assume that they will be able to renew the short-date loans appearing in the statement, or to procure new loans to take their places; but if they do not receive assistance in respect of their current obligations they will not be able to carry through the year."

BANK OF SCOTLAND.

Assets approximating \$135,000,000 are shown in the annual return of the Bank of Scotland, made up as follows: gold and silver coin, currency notes of other banks, cash balance with the bank of England, and cheques in course of transmission, £3,217,392; British government securities (including war loans at cost), and money in London at call or payable within twenty days, £10,001,524; Indian and colonial government securities, and other stocks and investments, £2,545,720; bills discounted, cash accounts, and other advances, £9,981,645; bank premises at Edinburgh and branches, £290,176; freehold property, Bishopsgate, London, £196,676; heritable property yielding rent, £198,376; liabilities of banking and other customers for acceptances by the bank, as per contra, £1,052,041; total assets, £27,483,555.

The bank's liabilities are as follows: note circulation, £2,119,702; drafts issued payable within fourteen days, £284,763; deposits and credit balances, £21,552,003. Acceptances: to banking customers, £671,500 14s. 8d.; to other customers, £380,541 4s. 3d.; paid-up capital, £1,325,000; reserve fund, £1,050,000; half-yearly dividend, at the rate of 16 per cent. per annum, payable April 17th, £87,980; balance of profits carried forward, £12,063.

The head office of this well-known institution is at Edinburgh, Scotland, where Sir George Anderson acts as treasurer, and Mr. P. Macdonald, secretary.

MONTREAL EXCHANGE MINIMUM PRICES

At the annual meeting last week the members of the Montreal Stock Exchange approved of the suggestions of the committee regarding the removal of minimum prices on the majority of the listings and alterations to others. The new prices are as follows:—

	Old minimum.	New minimum.
Dominion Canners	31	31
Do. pfd.	85	85
Dominion Coal pfd.	98	95
Dominion Park	120	120
Goodwins, Limited	26	26
Do. pfd.	75	75
Hillcrest Collieries	24	24
Do. pfd.	70	70
Illinois	61	61
Do. pfd.	91	91
Lake of Woods	120	120
Do. pfd.	120	120
Montreal Tramways	220	200
Do. deb.	81 1/4	79
National Breweries	49 1/2	45
Do. pfd.	95	85
Do. pfd.	113	113
Ottawa Light, Heat and Power	120	115
Do. pfd.	90	90
Shawinigan	110	..
Sherwin-Williams	55	55
Do. pfd.	99	..
Do. pfd.	35	25
Tucketts Tobacco	29	29
Do. pfd.	90	90
Winnipeg Railway	180	110
Windsor Hotel	100	80