

BONDS OF FIRE-SWEPT NORTH

Provincial Treasurer McGarry Makes a Statement to The Monetary Times on the Matter

That the Ontario government will come to the assistance of the fire-swept towns in the northern section of the province is generally thought to be probable.

In response to an inquiry by *The Monetary Times*, Hon. F. W. McGarry, provincial treasurer, made the following statement: "We cannot at present make any declaration in regard to the question of the bonds of these towns, for we do not know yet the position in this respect. The government have already stated that they will render every assistance possible in the stricken district. I imagine that the people in the towns which have been destroyed will most likely build up their communities again and that the bondholders will have just as much security, if not more, as they had before. Better towns of more permanent construction are likely to be built in place of those destroyed. The government are in a very receptive mood and will certainly do all they can. No doubt the town authorities will bring the matter of their various requirements to the attention of Hon. G. H. Ferguson, the minister of lands and mines, who is now in the North country, examining the position."

Asked by *The Monetary Times* as to the interests of the holders of bonds of these towns, Mr. McGarry said: "There will probably be some scheme worked out. The government will certainly do all they can to relieve the situation as far as possible."

Despite the fact that investors in Canadian municipal bonds have never lost a dollar as a result of a municipality being wiped out by fire, bond brokers are inclined to think that investors will be very chary in future in regard to the purchase of bonds of the small towns of Northern Ontario, at least until conditions have somewhat changed. The previous disastrous fires in 1912 seriously affected the standing of bonds in that region and the present fires obviously do not improve the position. The government, however, may reasonably be expected to stand at the back of the credit of this section of the country.

Previously Assisted Municipalities.

The government has previously assisted northern municipalities. It recently advanced \$40,000 to the township of Tisdale for the building of roads in order to open the country for settlement. This loan was made to the township out of municipal sinking funds deposited with the government by other municipalities. The township is entirely a mining area and the government handed back to the township authorities about one-third of the mining royalties received from the companies operating in that district. The township was then able to pay the interest of 4 per cent. per annum and the annual instalment in connection with the \$40,000 loan, still having a sufficient balance to operate the municipality. The annual cost to the township of the loan, interest and instalment, is probably between \$3,000 and \$4,000 a year, the township's share of the mining royalties being between \$9,000 and \$10,000 this year. This township was recently in the market for a loan of \$30,000 for the erection of a school, but the average investor is not interested in the bonds of mining and pioneer districts.

Bond houses always place such issues judiciously, selling, as a rule, only to institutions who know the exact conditions in the borrowing districts, and not to individual investors, who are not so well informed in these matters. It is generally thought that the Ontario government will have to make advances from time to time to municipalities in the northern part of the province, and that part of the revenue received in the shape of royalties will have to be returned to the municipal bodies in this connection.

In the case of the fire which destroyed Cochrane in 1912, the provincial government purchased enough of the town's bonds to liquidate its indebtedness, thus placing the municipality in a good financial position. The government became creditors of the municipality instead of the bondholders.

Recent Bond Sales.

The debenture debts at the end of 1914 of the principal towns destroyed partly or entirely, were as follow: Cochrane, \$187,984; Englehart, \$33,519; Matheson, \$3,021. These debts have been increased in some cases by sales of bonds this year. Matheson, for instance, sold to the Canada Bond

Company, last month, \$20,000 5 per cent. bonds due in 1941. Cochrane sold in March \$5,000 6 per cent. bonds due in 1926, to Brent, Noxon and Company. Timmins, the town created by the Hollinger Gold Mining Company, suffered little as a result of the fire. In November last, this town sold \$4,744 6 per cent. 10-year bonds, the purchasers being the Hollinger Mining Company. In February a bank advance of \$18,000 from the Imperial Bank to Timmins was authorized.

MUNICIPAL BOND MARKET

The Monetary Times' Weekly Register of Municipal Activities and Financing

Added to the usual holiday quietness in the bond market is the interest in the forthcoming war loan. The result of these two factors is that there is practically no demand for bonds here. Ontario prices are generally thought to be a little higher than is justified by market conditions.

Interest is shown in the finance minister's request that Canadians should not purchase foreign securities offered to investors here. A number of purchases of such securities have been made in Canada, the Anglo-French bonds being particularly popular. One broker reported an order for \$250,000 of these bonds. Several of the bond houses have refused to handle these securities. The fact is, however, that funds have been accumulating, attractive investment has been sought, announcement of the war loan had not been made, and official request to refrain from the purchase of such securities had not been issued. The only criticism of the finance minister's request last week, that Canadians should not purchase foreign securities issued here, therefore, is that the request came several months too late.

Ottawa, Ont.—The city has accepted an offer to renew \$300,000 of the \$675,000 notes maturing in New York on August 1st, from Messrs. Bond and Goodwin, New York, at a rate of 4.45 per cent. for discount for a term of six months. The city is paying off \$375,000 in cash.

St. Lambert, Que.—The issue of \$108,000 5½ per cent. 40-year bonds has been sold to Mr. René T. Leclerc, Montreal.

Brampton, Ont.—For the issue of \$24,000 6 per cent. 20-year bonds, the following bids were received, and the first named received the award:—

Imperial Bank	\$24,883
R. C. Matthews and Company	24,840
Geo. A. Stimson and Company	24,784
Mulholland, Bird and Graham	24,777
Macdonald, Bullock and Company	24,682
Brent, Noxon and Company	24,663
Wood, Gundy and Company	24,650
Canada Bond Corporation	24,388
W. A. Mackenzie and Company	24,031
A. E. Ames and Company	24,014
C. H. Burgess and Company	102.62
Kerr, Fleming and Company	102.22
B. F. Justin	24,000
Macneill and Young	24,000

North Bay, Ont.—Tenders close on September 1st for \$15,000 6 per cent. 20-year bonds. M. W. Flannery, treasurer. (Official announcement appears on another page.)

Fitzroy Township, Ont.—The following bids were received for the \$14,000 5 per cent. 30-instalment Fitzroy Township school bonds:—

Royal Securities Corporation, Montreal	95.36
Mulholland, Bird and Graham, Toronto	94.80
Imperial Bank	94.67
G. A. Stimson and Company	94.61
Brent, Noxon and Company	93.65
A. E. Ames and Company	93.44
C. H. Burgess and Company	93.37
Wood, Gundy and Company	93.36
R. C. Matthews and Company	93.30
Kerr, Fleming and Company	90.00

Brampton, Ont.—\$24,000 6 per cent. 20-instalment bonds; to Imperial Bank, Toronto.

Sarnia, Ont.—\$60,000 5½ per cent. 1935, to Emilius Jarvis and Company, Toronto.