

SPREAD OF TAX ARREARS

Over Ten-Year Period—Alberta Municipalities Can Look for This, Says Minister

"GREAT care will be necessary for the next two or three years, and very little can be expected in that time in the way of tax reduction, but after that, with proper management, things will be running safely. I would rather be a property owner in Edmonton ten years hence than in any other city in Alberta." This was the statement made by Hon. A. G. MacKay, minister of municipal affairs, in an address to the Edmonton Board of Trade last week, in which he spoke of important phases of legislation now pending in the House on matters of a municipal nature. Features of the act introduced a few days ago, providing for spread of tax arrears over a ten-year period were explained by the minister, whose conclusion from the facts in the case of Edmonton particularly, was that the present difficulties could be overcome and the interests of all parties protected.

Things could not go on as at present, declared Mr. MacKay in his talk on taxes. The legislation now pending was to apply to all municipalities in the province, and the general law would be provided for the relief and future guidance of all cities and towns, nearly all of which had similar financial difficulties. In the case of Edmonton, the fact of \$6,600,000 in tax arrears must be recognized, and ways and means found for taking care of it. There were two classes of ratepayer, Mr. MacKay pointed out: the honest man who was making a real effort to pay but couldn't, and the other man, who could pay but wouldn't. Means must be found for fairly relieving the first, so giving him a chance to save his property, and of compelling the latter class to discharge their obligations.

What was now proposed, explained the minister of municipal affairs, was to blend principal and interest, taking the arrears of taxes to December 31, 1918, as principal, and charging interest thereupon at 8 per cent. The whole would then be divided into ten equal annual instalments, and the ratepayer would be given the opportunity to pay these annual instalments on condition that he had paid his 1919 taxes and interest, thus beginning his ten payments at the first of 1920. A further concession might be made, said Mr. MacKay, by requiring only interest payments in 1919 and 1920, so giving the ratepayer still two years' leeway, and requiring him to pay his indebtedness on principal in eight years. He had satisfied himself that the city's finances would not suffer in this way.

Bond Holders Willing

The bond houses that were doing business with Edmonton and other Alberta cities had been notified of this proposed plan, said Mr. MacKay, and they were favorably disposed to it, having expressed their satisfaction with the evident purpose of the government to solve the difficulty fairly and frankly. The plan, of course, involved a suspension of the sinking fund payments for a ten-year period, and this could be safely done, for the Edmonton fund was in a good condition, with \$4,500,000 now paid up. The bondholders were ready to co-operate, and had even suggested that a lower rate of interest might be arranged.

For the man who would not pay there would still be recourse to the tax sale, the minister made quite clear. If 1919 taxes were not paid by July 1, 1920, there would be an enforced sale of the property, with clear title to the purchaser twelve months later. The tax sales would be made sharp and quick after default on this easy payment plan.

A better law for all Alberta must be enacted, declared Mr. MacKay, in respect to taxation. People must be made to understand that taxes had to be paid, and it must no longer be possible for 40 per cent. of the tax levy to remain uncollected, as was the case in Edmonton.

The minister also dropped a hint that better financing would be required from municipalities. Unsound business methods on the part of towns and cities did not pay, and a suggestion that the province should guarantee the debts of municipalities was absolutely out of the question. Municipalities

that were run well would not be asked to carry debts for those that were badly managed.

It was further part of the plan outlined by Mr. MacKay that a commission should be appointed by the government, before which both the municipality and the bondholders might appear for a hearing of any particular case, and he believed that in this way some compromise on the debt could always be effected. It was not proposed to cut away the rights of any creditor. In cases where bad management left no other recourse, public administrators would be appointed. The income tax also came in for Mr. MacKay's attention, and he thought that better results, fairer treatment to all, and more money for the city would result if, instead of a comparatively high tax rate on certain excess amounts, a lower rate on the whole income were imposed. A rate of from two to five per cent. was suggested.

BRITISH COLUMBIA MUNICIPAL FINANCE

The report for 1917 of Mr. R. Baird, inspector of municipalities, for British Columbia, has just been made public. This gives in detail the assessments for 1918 of the cities and districts of the province, together with the area and population; the tax rate for 1918; debts and sinking fund as at December 31st, 1917; arrears of taxes; receipts and expenditures for the year 1917, and results of the operation of public utilities.

DOMINION SAVINGS AND INVESTMENT SOCIETY

Two changes have recently taken place in the directorate of the Dominion Savings and Investment Society, of London, Ont. Mr. Alexander Purdom has taken the place of Mr. John Ferguson as vice-president. The latter resigned owing to his inability to attend the meetings on account of his advanced age. Mr. Samuel Wright has also resigned as a result of leaving London.

The reserve fund of the Dominion Savings and Investment Society, of London, Ont., is now \$270,000. The figure (\$27,000), given on page 14 of last week's issue of *The Monetary Times*, was, of course, a misprint, as would be evident from a reference to the complete statement on page 55 of that issue.

SASKATCHEWAN LIFE INSURANCE COMPANY

The statement for 1918 of the Saskatchewan Life Insurance Co., of Regina, shows a premium income, less reinsurance, of \$94,610 as compared with \$71,166 last year. Other income, including \$12,777 interest, premium on capital stock (\$16,141), etc., brought the total to \$130,611. The death claims paid were \$12,973, and the total payments to policyholders \$13,395. Total expenses of management amounted to \$52,233, in addition to which there were commissions to stock salesmen amounting to \$3,397. A balance of \$61,386 was left to be carried to investment account as compared with a balance of approximately \$38,000 last year.

The company's assets now total \$266,745, including \$145,538 of bonds and debentures at their market value and \$71,785 of first mortgages on real estate. Cash on hand and in the bank totals \$23,791. The insurance reserve is \$116,473, and there is a surplus to policyholders of approximately \$125,000.

The directors include Mr. William T. Mollard, president of the Saskatchewan General Trusts Corporation; Mr. H. O. Powell, general manager of the Weyburn Security Bank; Hon. W. M. Martin, premier of Saskatchewan, and other well-known local men. Mr. T. F. Conrod is managing director and secretary.

The amount of new insurance issued during the year under 427 policies was \$1,167,145, the total in force being now \$2,845,834.