

CALGARY'S PUBLIC UTILITIES

Comptroller Wood Hands a Vigorous Quietus to Private Capital

Mr. W. C. Wood, city comptroller of Calgary, departs from the regular routine of annual statements and in his report on Calgary's finances, has something to say about public utilities operated by municipalities. Calgary has invested \$8,273,248 in municipally owned utilities. Mr. Wood also states that "no applicants for franchises need apply" at present in Calgary. He says:—

"When comparing the city's utilities with similar joint stock companies, considering in each case the benefits to the citizens to be derived from each, it must be kept constantly in mind that, in the case of the city's utilities, their prime object is not the making of cash profits, but rather that, in the form of cheaper and more efficient service, these profits accrue to and remain with the ratepayers, who own, operate, use and enjoy the utilities. The latent possibilities of these great utilities are enormous. They are veritable giants in leash requiring intelligent guidance. For instance, where a company might charge high prices to the consumers for light, power, street railway tickets, water or paving, requiring thereby to produce apparently reasonable dividends on a capitalization of which only a comparatively small portion would be represented by real cash invested, the municipally owned utilities might be so managed that, by similarly raising prices, enormous profits could be created available to reduce or wipe out entirely the burden of general taxation. On first thought this might seem eminently fair and desirable—the utilities would be making large profits. A little reflection, however, will reveal that such a procedure would be bad management as it would violate one of the cardinal principles of public ownership, that of giving service to the consumer approximately at cost. It would be only as a war measure that such a course could be justified.

Use the Yardstick.

"On the other hand, so to conduct the utilities that large deficits would result, thereby increasing taxation to meet them, would indicate inefficiency and gross mismanagement. The correct and happy medium of scientifically preparing estimates and closely adhering thereto, is the solution to public management. The more deftly these estimates are prepared and the more nearly arrived at in practice the more credit is due those in charge. The yardstick used by the ratepayers to measure the success of their utilities is not the credit balances of their profit and loss accounts, but cheapness of the commodity, and efficiency of the service. By these standards they must stand or fall. The management of these utilities must continue alive to this situation, and the ratepayers must unsparingly continue to use the yardstick. At present in Calgary, no applicants for franchises need apply. The council should see to it that this condition continues.

"The waterworks surplus went to reduce the deficit of former years. The rates to the consumers for water were not raised. No portion of the increased cost of living is chargeable against this utility. Once more the profits have remained with the ratepayers. During the coming year, on account of the unprecedented cold weather, the utmost vigilance must be exercised to avoid a deficit at the end of 1916."

"Escaped so Luckily."

Regarding the street railway system, Mr. Wood says: "While expenses were necessarily reduced to the lowest possible point consistent with efficiency, the price of tickets to those using the cars was not raised. Would the ratepayers have escaped so luckily had the street railway been privately owned? This comparatively small surplus has been added to the surplus of former years. The street railway, like the other utilities, has paid its full quota of fixed charges.

"Despite the small deficit on the public market and weigh scales, the profits once more remain with the ratepayers. There can be no doubt that during the year the market operated as a balance steadying the cost of living. This is shown by a comparison of prices in Calgary with those in cities similar in size and location where no public market exists. This utility will need to be carefully protected by the council. No selfish interests should be allowed to make a plaything of our market. It should be made to become an indispensable part of the business life of the citizens."

As to a large profit "that could have been made by the electric light and power department, it remains still with the ratepayers, who may well congratulate themselves that this utility is municipally owned. A continuation of this prosperity may be confidently prophesied during the coming year."

NEWFOUNDLAND SEEKING LOAN

Newfoundland is negotiating for a \$5,000,000 5 per cent. loan in New York. Half of the issue will run for five years, and the other half for ten. Newfoundland has not previously been in the New York market for funds, her financing having been cared for in London.

TORONTO RAILWAY COMPANY

The May gross earnings of the Toronto Railway Company were the second largest of this year. The figures show an increase over a year ago of 6.6 per cent. The monthly earnings are as follows:—

	1916.	Increase.
January	\$ 474,784	\$ 3,558
February	470,764	30,451
March	518,555	30,087
April	496,172	28,471
May	500,315	31,362
Total	\$2,460,590	\$123,920

RAILWAY EARNINGS

The following are the weekly railway earnings for May:—

Canadian Pacific Railway.

	1916.	1915.	
May 7	\$2,763,000	\$1,594,000	+ \$1,169,000
May 14	2,592,000	1,604,000	+ 988,000
May 21	2,610,000	1,575,000	+ 1,035,000
May 31	4,222,000	2,223,000	+ 1,999,000

Grand Trunk Railway.

May 7	\$1,030,768	\$ 863,195	+ \$ 167,573
May 14	1,076,436	922,106	+ 154,330
May 21	1,088,679	938,386	+ 150,293
May 31	1,482,053	1,291,615	+ 190,438

Canadian Northern Railway.

May 7	\$ 677,400	\$ 419,600	+ \$ 257,800
May 14	748,300	364,800	+ 383,500
May 21	693,100	387,500	+ 305,600
May 31	970,100	549,500	+ 420,600

The Canadian Pacific Railway net earnings for April totalled \$3,733,736 as compared with \$2,687,753 during the corresponding period in 1915. Gross earnings for the month were \$10,881,306, and working expenses \$7,147,590.

The figures for the ten months of the current fiscal year show gross earnings totalling \$105,117,108, working expenses \$63,953,104, and net profits of \$41,164,004. For ten months ended April 30th, 1915, net profits were \$28,458,594.

The gross earnings of the Grand Trunk Railway System for April were \$3,584,828, while expenses amounted to \$2,344,104, making the net revenue for the month \$1,240,724, as compared with \$1,167,492 for the same period of 1915, an increase of \$73,232, or 6.2 per cent.

The earnings and operating expenses of the Canadian Northern system for April were as follows:—

	1916.	1915.	
Gross earnings	\$2,824,300	\$1,948,900	+ \$875,400
Expenses	2,274,400	1,404,500	+ 869,900
Net earnings	549,900	544,400	+ 5,500
Mileage in operation	8,270	7,248	+ 1,022

The list of contributories of the Western Union Fire Insurance Company, now in liquidation, has been filed at the courthouse, Vancouver, B.C., and proceedings before the registrar are to be taken against some 700 shareholders in various parts of Canada to enforce liabilities on claims totalling over \$600,000, as unpaid subscription on purchases of stock.