

Municipal Sinking Funds.

IV.

A Toronto bond house forwards the following reply to Mr. Eckardt's second article on the investment of municipal sinking funds:

Referring again to the remarks of Mr. Eckardt with reference to the sinking fund investments of municipalities, we have read with a good deal of interest his further writings in this connection, and are willing to concede that in theory there is something to be said in favor of his contention. As mentioned in our last letter, we do not see any reason why a municipality should not invest its funds in outside municipal securities of good character, but we still adhere to our former position, that by investing in its own local improvement debentures, it is not injuring the position of the holders of the outstanding bonds.

In the first place we consider the most important feature in connection with the investment of sinking funds is "safety." Taxes for local improvements are not levied in the same way as taxes for general debentures. In the case of issues for general purposes the levy is made on the assessed valuation of the property, while with the local improvement debentures it is raised by the levy of so much per foot frontage on the property benefited, and the debentures are usually guaranteed by the municipality at large, so that should the buildings be destroyed, it would not affect the amount of taxes to be raised on that particular property.

British Columbia Municipal Act Permits Investment in First Mortgages.

The amount of taxes due, as compared with the value of the property (land), is hardly ever more than 10 per cent., so if the municipality is any good at all, it ought to be safe for this amount and it must be some good, otherwise they would not have been able to borrow any money in the first place. The Municipal Act of British Columbia permits municipalities to invest their sinking fund in first mortgages on property in the municipality to the extent of 50 per cent. of the assessed valuation, so that the local improvement should be so much stronger security, as taxes are a charge on the property prior to a mortgage.

Mr. Eckardt says that the holder of a municipal debenture has a right to expect that the sinking fund is to be in cash or its equivalent. Supposing it is kept in cash, it is altogether likely it will be on deposit in some bank. For every dollar lost by the failure of a municipality there has been at least \$50 lost by the failure of banks, so that with this record there is no question which offers the best security.

Custody of a Sinking Fund.

As far as the custody of a sinking fund is concerned, this is a little beside the question under discussion, although when the government can call on the municipality at any time to show where its sinking fund is, it is a little different from an industrial corporation. An industrial corporation, however, quite often, and in fact very generally, adopts the method of purchasing its bonds with its sinking fund, as when they are cancelled and out of the way it increases the security of the bonds outstanding, because there is a smaller mortgage on the property covered.

As long as there is any idle cash in the world, or idle credit, to speak more properly, there will always be a demand at a price for long termed promises to pay, providing the security back of it is found satisfactory; therefore, it is equivalent to cash.

The Recent Victoria Fire.

As if on purpose to give an illustration at the very point where this discussion started, Victoria has had a disastrous fire and no doubt the buildings on some of the property benefited by the \$200,000 local improvement bonds taken for the sinking fund investments, are now in ashes. We think it will be found that there will be no great delay in the payment of the insignificant amount required for these local improvement debentures.

There may be some delay in adjusting and collecting the general taxes levied on the buildings that were there. Now if Victoria had invested its funds outside itself and bought Fernie bonds, for instance, over whose property it has no control, how much better would it be off; because as Mr. Eckardt says, no municipality has a right to consider itself immune from disaster.

[Articles on this subject appeared in The Monetary Times, dated Oct. 15, Oct. 22, Oct. 29, and Nov. 5th.—Editor, Monetary Times.]

APPLICATIONS TO PARLIAMENT.

Anglo-Canadian Bank Seeks Incorporation—New Loan and Insurance Companies.

Application will be made to the Dominion Parliament at the next session for an act to incorporate, under the Bank Act, the Anglo-Canadian Bank, with head office in Montreal. Messrs. Dessaulles and Garneau are solicitors for the applicants.

Other interests desire an act for the incorporation of a company, with powers to transact a trusts, loan and guarantee business. The proposed name is the Security Trusts Corporation. The solicitors for the petitioners are Messrs. Balfour, Martin and Casey, of Regina, while Mr. Andrew T. Thompson is the Ottawa agent.

Another Life Insurance Company.

The Cape Diamond Life Insurance Company, or La Compagnie d'assurance de vie Cap Diamant, will also apply for an act of incorporation at the next session. Messrs. Turgeon, Langlais and Morin, Quebec, are the solicitors for the applicants. The company desires power to carry on the business of life insurance in all its branches, and of insurance against disability caused by accident and sickness.

The Georgian Bay and Seaboard Railway Company desires an act, authorizing an increase of the company's bonding powers. Mr. George A. Walker is the company's secretary at Toronto. Mr. Andrew T. Thompson will act as the Ottawa agent in this matter.

To Become Guarantee and Accident Company.

The National Weekly Indemnity Company, incorporated in Quebec Province, and with head office in Montreal, will apply to the Dominion Parliament at the coming session for an Act to change its name to the Guarantee and Accident Company, at the same time increasing its capital stock by \$950,000 in shares of \$100 each at par. The Quebec legislature granted this company powers to carry on the business of accident, sickness, automobile, burglary, guarantee and plate glass insurance. These powers it seeks to have confirmed. Messrs. Deussault and Mercier, 107 St. James Street, Montreal, are the attorneys for the applicant company.

The National Accident and Guarantee Company, of Canada, will seek legislation for a revival of an old Act of incorporation and an extension of the time limit. They also desire to change the company's head office and name. Messrs. Flock and Flock, London, Ontario, are acting for the applicants.

Desire a Dominion Charter.

The Investors' Guarantee Corporation, of Canada, who were granted a charter in the Northwest Territories in 1904, and now doing business at Edmonton as a loan savings, trust and official assignees, propose to apply for a Dominion charter. Mr. J. B. Powell is the company's vice-president and general manager.

The Boiler Inspection and Insurance Company of Canada desires an extension of its powers, so as to enable it to make contracts in any classes or branches of insurance except life and fire insurances. Messrs. Martin, Starr, Spence and Cameron, Toronto, are the applicant's solicitors.

The Globe Printing Company desires power to increase its capital stock and to reduce the par value of the company's shares from \$500 to \$100.

The Regina General Trusts Corporation will apply at the next session of the Dominion Parliament for an act of incorporation. The company's head office will be at Regina, Sask.

The London and Lancashire Life Assurance Company reports the following branch office appointments: Vancouver—Mr. H. A. Massey, provincial manager. Calgary—The branch office under Mr. Macdonald as provincial manager is continued. Regina—A new branch office has been opened for Central Saskatchewan under the direction of Mr. John A. Mackenzie. Winnipeg—The branch office for Central Canada is continued under Mr. A. Stevens Brown as provincial manager. The company has a local committee in Winnipeg. Hamilton—A new branch office has been opened under the district management of Mr. Thomas E. Holmes. Kingston—Mr. Thomas Mills, an old representative of the company, has taken charge of a larger territory as branch or district manager. Ottawa—The interests of the company will be continued under Mr. A. B. Kennedy, who has been with the company for some years. Arrangements for the establishment of other branch offices are being made. It is stated, in an official circular, that the business of the Association in Canada will, as heretofore, be continued under the guidance of the Canadian Board of Directors and that it is the Association's intention to carry out a policy of steady and continued progress.