

MUNICIPAL FINANCING

Time is well spent in discussing municipal financing in this country. Our civic authorities have not always given their best thought to the important subject. Economy has not invariably been the watchword. Methods have not been any too well considered. Debenture issues have covered too long a period. Municipal accounting has been lax. Proper sinking fund provision has not been made. Towns and cities, both in the east and west, may well examine their position. Alderman Wickett, of Toronto, recognizes the position, and this week, in well-reasoned argument, he replied to the question, "Why are Toronto's finances not altogether satisfactory?" In contrast with the United States practice, he said, there seems to be in Ontario municipal legislation no recognized standards as to what may be charged to capital and what must be met by annual revenue. "Anything may be charged one way or the other, according as the provincial Act directs. But, lacking as we do (compared with England, after which our system is modelled), adequate machinery for supervising municipal bills, our financial acts are often very loosely drawn and loose practices result as regards items charged up to capital and to revenue. The further fact that, compared once more with the United States practice, we have a wide margin for municipal debenture issues, makes the situation worth careful consideration. For example, a by-law of 1906, covering a forty-year bond issue of \$700,000 for fire purposes, included \$208,000 for such short-lived things as fire engines, heaters, fire alarm system, renewing and changing the old system, engines and pumps—none of which have a lifetime of over, say, twenty years."

A glaring defect in Ontario's local improvement act compels the city of Toronto to postpone a local improvement debenture issue until the actual final costs are fixed. Decision on this point may not take place for several years, and in the meantime work goes on and the city has to finance it by temporary loans from local banks at between 5 and 6 per cent interest. To-day Toronto is borrowing about \$3,000,000 on this basis. Clearly, says Mr. Wickett, the city which guarantees all issues, whether general or local, should have the power to fund all locals, allocating the various parts as the final costs are fixed, a power which railways, for example, find absolutely essential. The allocating of the money would be merely a matter of civic bookkeeping. Under such circumstances the city would be relieved of making such serious and expensive calls as it is now compelled to do on local banks from time to time.

Mr. Wickett shows that in Toronto's endeavor to keep down the tax rate regardless of the debt, a number of unfortunate practices have crept in. The city has:—

(a) Absorbed the Street Railway revenue and issued debentures to cover street railway pavements.

(b) Absorbed the revenue from the Exhibition and issued debentures to pay for roadways and other temporary structures there.

(c) Met an important part of our roadway repairs by debenture issues; also such accidents as break in water intake, etc.

(d) Made use of extraordinary revenue for ordinary purposes. Thus this year the amount transferred from the proceeds of land tax sales, which must be looked upon as a very special source of income, was no less than \$245,019.

(e) So pared appropriations as to force overdrafts. This year, within a fortnight after the estimates have been completed, a substantial deficit is already in sight.

(f) In order to keep down the annual charge for sinking funds, made use as usual of forty-year bonds for practically all general items from the proceeds of forty-year bonds, instead of adjusting the term of the bond to the approximate life of the work.

Obviously, there is need of some decision covering such practices. All other cities in Ontario are limited to

thirty-year bond issues—Toronto alone has the power to issue up to forty years, but it surely was never intended that Toronto should resort to this maximum period for all classes of its general work.

Many other points are dealt with by Mr. Wickett in his pamphlet, which those interested in municipal finance, other than in Toronto, too, may peruse with advantage. Municipal financing has become so important in this country that it needs the devotion of much time, thought and reform. In the eight years since 1905, Canada has sold municipal bonds aggregating \$236,611,197, as follows:—

1905	\$ 9,031,160
1906	9,087,008
1907	14,430,540
1908	46,461,021
1909	36,278,528
1910	35,748,690
1911	47,159,288
1912	48,414,962

\$236,611,197

With the handling of millions of debentures every year, the duty to the ratepayer and to the investor in municipal bonds, is plain. We must bring municipal financing in Canada to the point where criticism does not hurt.

MONTREAL'S TRAMWAY SERVICE

The agitation for a better street railway service in Montreal has been revived. Montreal no longer knows what to think of the situation. To some extent the agitation has resolved itself into a conflict between two newspapers. One of them continues to call upon the city council to do something, and in this there would seem to be considerable justification. The paper which heretofore has done most to bring the matter to a head still accuses the railway of negligence in doing what it could, but it also takes the city government to task for its share in the unsatisfactory condition of affairs.

What the city of Montreal knows is that it is getting a poor service from the street railway company. It knows, too, that the president of the Tramways Company a considerable time ago approached the city government with its proposals for a better system, and, among other things, asked for a number of new streets upon which to lay rails. The controllers referred the matter to the city engineer and an expert engineer to have a report prepared on the best means to improve the service. The civic board of control has had the matter in hand for some time, and apparently is responsible for the present delay, and may even have been responsible for other delays in past years. There are certain unsatisfactory features in connection with the manner in which the entire matter has been dealt with at the city hall. It may be that the blame should rest mainly upon the Tramways Company, but if so, the city hall has certainly never made this clear to the citizens—all of which is not said for the purpose of removing responsibility and blame from the Tramways Company, but rather for the purpose of drawing attention to certain phases of the problem.

ST. LAWRENCE MARINE INSURANCE RATES

In view of the recent controversy regarding the insurance rates on cargoes between Canada and the United Kingdom the following figures, compiled from official statistics prepared by the Government, are submitted, from which it will be noted that the rates in 1900 were over double what they were in 1912. There has been a gradual drop in the rates since 1900, and, comparing