

600. loan authorized in 1909 and provide £350,000 for new work in 1910, while £300,000 of treasury bills now current, together with the additional £100,000 asked for in the accompanying report, would be retired ex the proceeds.

The private bills committee of the Quebec legislature have sanctioned the addition of a new clause to Montreal's bill empowering the city to raise by by-law an additional loan of five million dollars, in order to establish a water filtration plant; to further enlarge the water works; to put down mains, and to provide a water supply for the newly annexed districts, and also to construct sewers in the new wards.

The Canadian Graphite Company does not propose to market its \$100,000 7 per cent. first mortgage gold bonds to mature in 15 years. The bonds are dated March 1st, 1910. The company is developing its property and will commence shipping in a few weeks.

Messrs. C. A. Kennedy & Company, bond dealers, have moved from the Merchants Bank Building, Montreal, to 43 Guardian Building, in the same city. Mr. Kennedy, head of the firm, has had a long experience in handling bonds for investment purposes, through his previous connections with the Bank of Nova Scotia, the Sterling Bank and other financial institutions. His firm is well and favorably known in Canadian financial circles.

#### Another Jolt in London

A London cable states that the underwriters have been compelled to take 95 per cent of the Dunsmuir Collieries issue of £2,054,800 five per cent. mortgage bonds. The market there seems unfavorable for new issues and Canada would do well as hinted previously by The Monetary Times to postpone proposed flotations for a few weeks at least. The following record of three of our recent issues is sufficient warning:—

| Company                   | Amount     | Underwriters Took |
|---------------------------|------------|-------------------|
| Western Canada Land ..... | £300,000   | 84 per cent.      |
| Manitoba Province .....   | £1,000,000 | 88 per cent.      |
| Dunsmuir Collieries ..... | £2,054,800 | 95 per cent.      |

#### Cobalt Central Bond Issue

After considering various plans and after conferring with many of the larger stockholders, the Cobalt Central Mines Company will issue \$400,000 6 per cent. bonds, in denominations of \$50, \$100 and \$1,000 each.

All or any of the bonds at any time outstanding will be redeemable at the option of the company on any semi-annual interest date on and after May 1st, 1911, at par and accrued interest.

The company's circular states that the existing obligations of the company amount approximately to \$165,000 and the obligations of the Standard Cobalt Mines, Limited, whose entire capital stock is owned by the Cobalt Central Mines Company, after deducting credits, amounts approximately to \$50,000. It is necessary to provide funds to meet these obligations and to provide working capital for the further development of the company's property along the lines recommended by the mine manager and the consulting engineer. The bonds will be dated May 1st, 1910, and will mature May 1st, 1915, unless redeemed sooner pursuant to the terms of the merger. This is strenuous financing for a mining company.

#### Sherbrooke Street Railway Bond Offering

The Sherbrooke Railway & Power Company may shortly offer bonds. The company was recently reorganized. The Sherbrooke Street Railway was incorporated in 1895, and obtained a franchise from the city of Sherbrooke. Recently the property changed hands, being purchased by a Canadian syndicate, at the head of which is Mr. C. J. McCuaig, of the banking and brokerage firm of McCuaig Brothers and Company.

### MONTREAL'S FINANCES.

#### Notes of Borrowing Power—City Treasurer Robb Suggests Several Changes in Handling Affairs.

Some important changes will be made in the methods of handling Montreal city's financial affairs, should the suggestions of City Treasurer Robb be carried out by the civic authorities. His annual report gives some indication of these. Acting on the report of the city council in March last year the finance committee, on the 18th June, authorized an issue of £650,000 on account of the \$3,891,200 above mentioned.

This amount, in the form of forty-year 4 per cent. stock or bonds, was offered to public competition by advertisement in the Montreal, New York, London and Paris newspapers, while marked copies were sent to other places. The replies, not coming to the expectations of the committee, were declined, and £500,000 raised pro tem., on three months' "treasury bills" in London at rates considerably under 2.70 per annum—renewed till end of November at 2¼ when £300,000 of the amount was paid off and the balance extended till the end of February, 1910.

#### No Cost for Interest.

The abnormal condition of the money market in London at the period referred to enabled the city to provide funds for all the transactions of the year at practically no cost for

interest, inasmuch as the large balance at credit throughout the year (arising from the postponement of a portion of the "loan work" for which the funds were provided) were yielding a higher rate of interest than the borrowed money was bearing.

Not only was this the case as regarded the cost of the money in London, but the prevailing rates of exchange enabled the city to sell its sterling bills at a substantial premium—an altogether unique condition of things, and one which will probably never occur again.

#### Get Authority to Augment Fund.

The working capital loan fund has continued to be of immense advantage in this connection, but it is already inadequate to the rapid growth of the city, especially in view of the recent adoptions of the ten-year system for the payment of special assessment, which locks up so much of it.

It would be well, thinks Mr. Robb, to obtain legislative authority to augment it as circumstances might require to, say, \$4,000,000.

Its position on December 31st, 1908, was as under:—

|                                                   |           |
|---------------------------------------------------|-----------|
| Advances on street improvements.....              | \$300,000 |
| Advances on sewage.....                           | 450,000   |
| Advances on sidewalks.....                        | 125,000   |
| Advances on account of revenue and loan work..... | 125,000   |

\$2,000,000

The system under which the total amount of the assessment roll is appropriated annually necessarily leaves a large amount uncollected at the close of the year and this amount is furnished by the working capital to complete the year's expenditure till the arrears are collected to restore it, two per cent. of the revenue being reserved to cover losses in collection, and thus maintain it intact.

#### City's Borrowing Power.

The total borrowing power used or unused, at the commencement of the year, was as under:

|                                               |              |
|-----------------------------------------------|--------------|
| On the 15 per cent. limit as shown above..... | \$35,205,000 |
| Working capital.....                          | 2,000,000    |
| Enlargement of aqueduct.....                  | 2,000,000    |
| Loans issued between the years 1899-1908..... | 1,960,000    |
| St. Helen's Island.....                       | 250,000      |
| Uncollectable assessments.....                | 150,000      |
| Conversions of 7 per cent. stock.....         | 54,225       |

Total.....\$41,619,225

#### Special:—

|                      |             |
|----------------------|-------------|
| Level crossings..... | \$2,000,000 |
| High pressure.....   | 1,000,000   |
| Conduits.....        | 5,000,000   |

Total.....\$49,619,225

#### Montreal May Undertake These.

Besides the above specific items, the city is empowered to carry out the following undertakings:—

Gas Works.—To manufacture gas for light, heat or motive power; and to raise whatever amount may be necessary therefor (under a by-law adopted by a vote of the absolute majority of all the members of the council).

Water and Power Company.—The city is authorized to acquire by expropriation, as a going concern, the whole of the undertaking and working plant of the Montreal Water and Power Company, and for the purpose to borrow a sum not exceeding the amount of the arbitrators' award and of the cost and expenses.

Electrical Works.—To erect, purchase or otherwise acquire and operate works for producing electricity by the incineration of garbage or otherwise for the lighting of streets, parks, public buildings, etc., and to borrow, subject to approval of the rate-payers, two million dollars for that purpose.

Industrial Exposition.—To guarantee the bonds of the Montreal Industrial Exposition Association to the extent of \$600,000 on security of mortgage against the grounds and buildings of the association.

#### Of the Sinking Fund.

That portion of the debt which was incurred between the years 1899 and 1908, period during which the total debt was in excess of the 15 per cent. limit, and when the city was restricted to issues confined to 10 per cent. of the annual increase of taxable values, was made subject to the condition of redemption ex-revenue.

The total amount of these is \$1,960,000.

The same condition applies to the following special loans when made:

|                              |            |
|------------------------------|------------|
| St. Helen's Island.....      | \$ 250,000 |
| Enlargement of aqueduct..... | 2,000,000  |
| High pressure service.....   | 1,000,000  |
| Level crossings.....         | 2,000,000  |
| Conduits.....                | 5,000,000  |
| Water and Power Company..... | 5,000,000  |

Of these amounts the first three are already included in Montreal's annual budget. Should the other five be undertaken they would, when completed, call for about \$130,000 ex-revenue, annually, over and above the \$520,000, for interest; against which, however, must be reckoned the revenue which would accrue from the fourth, sixth and seventh, when finally completed.