

Table 42 gives a new analysis of municipal indebtedness, both direct and indirect, including sinking funds. This analysis has been built up on the same basis as the analysis of Dominion and provincial indebtedness shown in Tables 30 and 39, respectively, and forms part of the tabulation of combined public debt for Canada as a whole, shown in Table 1.

It is anticipated that this series will be further developed and continued each year in comparison with totals for previous years, thereby establishing a series of statistical tabulations that should serve a most important and useful end, indicating relative trends in municipal indebtedness in years to come.

Bonded Indebtedness.—Like other Canadian governing bodies, the municipalities of the greater part of Canada borrowed rather freely during the 'boom' period of 1900-12, and again during the 'twenties and early 'thirties. Since 1933, however, the trend has been downward, due largely to retrenchment in the depression years following periods of what has proved to be unwarranted expansion. Under war-time conditions this situation still prevails in the municipal bond market, with capital expenditures being limited to essential services directly affecting the health and welfare of the local population so as to leave the financial resources of the country open to the Federal Treasury for war needs. The post-war period with its demand for newer and increased services will undoubtedly reflect many changes in this situation.

It is relatively impossible to obtain wholly comparable and accurate figures on bonded indebtedness of municipalities at the present time. This is due largely to the fact that in some provinces the municipalities do all capital financing, including that of local school authorities, while in others the school authorities are independent of the municipal authorities and do their own financing direct: in some provinces a combination of these two systems is used. Added to this, is the variation in fiscal years of municipalities and also of school authorities. Figures for 1940 in Table 42 include all known factors, which were obtainable from available sources, but the data are still incomplete as will be seen from the text below, which also indicates to some extent other inconsistencies and incomparabilities that are of a pertinent character. Many, if not all of these defects, will be overcome when the revised scheme of reporting, previously referred to, is implemented on a working basis.

A table at p. 791 of the 1941 Year Book shows the bonded indebtedness of municipalities from 1919 to 1938. As more accurate and detailed figures have become available, this statistical series has been discontinued and replaced by the new set-up shown in Table 42. In the new table the figures for debenture debt are intended to represent only principal unmatured. Principal past due, whether in default or unpaid because of non-presentation, has been included with accounts payable and other liabilities. It is impossible to ascertain if this is a true statement of fact in all cases, however, as some reports do not indicate the exact procedure followed in tabulating the data. In some cases where past due principal is excluded