

Citizen Control of the Citizen's Business

TORONTO'S CITIZENS CAN CONTROL TORONTO'S AFFAIRS ONLY
THROUGH FREQUENT, PROMPT, ACCURATE AND PERTINENT INFORMATION WITH REGARD TO TORONTO'S BUSINESS.

ISSUED BY THE

189 CHURCH STREET



TELEPHONE: MAIN 3620

White Paper No. 77

July 11th, 1924

Copy of Open Letter, June 26, 1924.

Reproduced for the

Information of Members of the Bureau and Citizens Generally.

To
His Worship the Mayor,
Board of Control, and City Council,
City Hall, Toronto.

Gentlemen:—

The matter of establishing a civic pension fund is apparently to come before the City Council at an early date for its consideration.

The primary purpose of pension funds is to increase the efficiency of municipal administration not to create a preferred class.

Such funds are or should be established primarily as an aid to efficient business administration and for the protection of the taxpayer. The civic employees have no more claim on the taxpayers, in respect to a pension fund, as a matter of justice, than any other section of the population, and as a matter of fact they make no such claim. If put on the basis of need, it is quite possible that many taxpayers need assistance from civic employees quite as much as civic employees need assistance from taxpayers. Civic employees are not of right and should not in practice be considered as a preferred part of the general population. Nor do

civic employees, as a whole, wish to be placed in a preferred position. The employees and the citizens as a whole, desire simply that the establishment of any pension fund shall be supported by business reasons and administered on a business basis.

Without some adequate retiring scheme, there is no doubt that cities in general suffer in these three respects:—

Three expensive abuses against which properly constituted pension schemes are aimed.

- (1) Retiring allowances are often given on no settled plan as the result of influence or sympathy, with the result that grave injustices are sometimes committed, and that obvious favoritism may seriously undermine the esprit de corps of the civic staff.
- (2) Men are often retained in the service long after they have ceased to render service equivalent to their salaries, because there is no fund from which they could draw, if retired, and because it would frequently be unjust and cruel to discharge a man after long years of faithful service on a small income from which he could not or did not make savings.
- (3) The efficiency of staffs, as a whole, is minimized by the presence of employees unable or unwilling to give a day's work for a day's pay.

Any retiring fund, which could remedy these three expensive abuses, would free the taxpayers from a heavy burden, if established and administered on a sound basis and if not requiring too great an annual expenditure on the part of the taxpayers.

A prerequisite to a pension scheme is a thorough survey of the civic service. Otherwise the city is apt to be saddled with unnecessary expense.

The best guarantee of sound administration is a good start, and the Bureau suggests as a first step in that good start, a thorough administrative survey of the civic service, such as was authorized by the City Council in resolutions, but never carried out in practice. The Bureau believes that the Council was right in its resolution and suggests that the Council go further and make any contribution to the fund by the City contingent on a thorough-going administrative survey of the existing civic service with the full co-operation of all employees.

If the Fund is established without such survey, the City will not only lose any savings which might possibly result from the survey,

but in addition, whatever percentage of this amount the City will have to contribute to the fund. It is undesirable to create vested interests any larger than absolutely necessary.

A scientific classification of the service necessary for civic economy. The present is no time for increased unproductive expenditures. Increased tax arrears show which way the wind is blowing.

Even if no savings were effected, it would lead to an immediate scientific classification of the service which could be kept up to date from year to year by necessary changes made as the result of experience. The Bureau desires again to emphasize the fact, that the taxpayer can not, at present, afford to undertake any expenditure of an unproductive nature. An increase in arrears of taxes is one of the most certain signs of increase in the burden of taxation due either to hard times or to increased civic expenditures, or both. The recent warning of the Finance Commissioner shows that the problem is not one of negligible importance in Toronto. Surely not all the arrears are due to lack of proper civic spirit on the part of those in arrears. Has the City any right to add to tax burdens in one direction, unless the taxpayers can be assured of an equivalent lightening of burdens in others?

The increase in number of civic employees relatively to total population.

The Bureau also wishes to draw attention again to the great increase in numbers, relative to the whole population, of those who are directly or indirectly Civic employees, and, to the fact that the establishment of a principle now, for a certain category of employees, may easily involve much greater expenditure later, on the part of the taxpayers or users of civic services. It is all the more important that the beginnings shall be above criticism.

Contributions by taxpayers to pension fund should be limited to whatever amount is necessary to make the fund efficient from the taxpayers' standpoint.

The Bureau is informed that the contribution of the employees and the taxpayers are to be on a 50-50 basis. Is it certain that this basis represents the relative benefit of the two parties? In so far that it does not, it is equivalent to a considerable increase in salaries without a corresponding advantage to the City. A 50-50 basis really means a greater contribution by the City, inasmuch as the City will presumably make no charge to the fund, of a share of the City's overhead administrative expenses. Is there anything to show that the 50-50 basis is fairer than 60-40 or 70-30? Are not civic employees, as a whole, financially as able to make savings from their salaries as the majority of taxpayers, and, if so, should not the contribution of taxpayers to the fund be limited to whatever sum is necessary to make the fund efficient from the taxpayers' viewpoint?

The majority of citizens whether employed by city or not, desire a fund only when properly established; but in any event, taxpayers not employed by the city are still in a large majority, and, if they will vote, can enforce their will.

The Bureau has been told that there is no hope of a preliminary administrative survey and that the only thing to do is to get the best pension scheme practically possible. The Bureau hesitates to take such a pessimistic attitude and on the practical basis (1) that a large proportion, perhaps even a majority of the civic employees, believe that such a survey would be in their interests as well as of the city of which they are as loyal citizens as other classes of taxpayers, and (2) that taxpayers not on the payroll still far outnumber those in the civic employ, directly and indirectly, and, therefore, presumably control more votes. It is true that probably a higher percentage of civic employees than of the body as a whole, exercise the franchise. Even if it were true that the majority of civic employees favour the establishment of a fund previous to a survey, which the Bureau greatly doubts, their vote, is as yet, only a comparatively small fraction of the total possible vote. If other citizens do not make their influence felt through the ballot, the taxpayers, both voting and non-voting, will have to put up with the consequences whatever they may be.

In conclusion, the Bureau again requests that before any contributory civic pension fund is established a thorough detailed study—such as the City Council proposed in 1923—be made of the civic service.

Respectfully submitted,

BUREAU OF MUNICIPAL RESEARCH.

John Macdonald, President,
Horace L. Brittain, Managing Director.