

BUREAU OF MUNICIPAL RESEARCH

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

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TORONTO
CANADA

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"The (Municipal) government can afford only what the (Municipal) taxpayers can afford."*

—HON. J. W. JONES,
Finance Minister of British Columbia.
March 16th, 1932

If this be true—and it can hardly be denied—the first step in deciding on the 1933 civic budget would seem to be to determine what the taxpayers of Toronto can reasonably be expected to pay in taxes during 1933. This cannot be determined with exactness, as taxation is only one of the major items of the family budget, but we have some indications which will help in arriving at our estimate.

*The word "Municipal" is inserted by the Bureau.

QUESTIONS AND ANSWERS

1. (Q) Have Toronto citizens more money out of which to pay taxes than they had in preceding years?

(A) The amounts of income assessments in recent years have been as follows, according to the annual reports of the Assessment Commissioner:—

| | |
|------------|--------------------------|
| 1928..... | \$61,010,388 |
| 1929..... | 71,544,530 |
| *1930..... | 82,227,919 |
| 1931..... | 79,933,958 |
| 1932..... | 74,834,496 |
| 1933..... | 63,368,183 (not revised) |

These totals only refer to those whose income is sufficient or of such a nature as to make them liable for income assessment. Indications are not lacking that those with small incomes have suffered proportionately at least as much as those with large incomes.

2. (Q) Are there more Toronto citizens who have economic incomes than formerly?

(A) The number of separate income assessments as shown by the annual reports of the Assessment Department have in recent years been as follows:—

| | |
|-----------|-------------------------|
| 1928..... | 20,922 |
| 1929..... | 22,219 |
| 1930..... | 24,406 |
| 1931..... | 21,753 |
| 1932..... | 20,565 |
| 1933..... | (No. not yet available) |

There is reason to believe that the number of citizens having living though not taxable incomes has declined similarly to the number of those who have taxable incomes.

3. (Q) Have what the citizens must buy decreased in price during recent years?

(A) The "Labour Gazette," published by the Canadian Department of Labour publishes monthly a table showing quarterly or monthly changes in the cost of living on the basis of the value of the 1913 dollar, taken as 100.

| | Food | Fuel and Light | Rent | Clothing | Sundries | All Items |
|----------------|------|----------------|------|----------|----------|-----------|
| 1926 June..... | 151 | 162 | 156 | 157 | 166 | 157 |
| 1927 June..... | 148 | 158 | 156 | 154 | 166 | 155 |
| 1928 June..... | 146 | 158 | 157 | 157 | 166 | 155 |
| 1929 June..... | 149 | 157 | 158 | 157 | 166 | 156 |
| 1930 June..... | 151 | 156 | 160 | 155 | 166 | 157 |
| 1931 June..... | 111 | 153 | 158 | 137 | 164 | 138 |
| 1932 Jan..... | 105 | 152 | 158 | 123 | 162 | 133 |
| Feb..... | 100 | 151 | 158 | 123 | 162 | 132 |
| Mar..... | 99 | 151 | 158 | 123 | 162 | 131 |
| April..... | 98 | 150 | 158 | 123 | 162 | 131 |
| May..... | 94 | 148 | 148 | 120 | 162 | 127 |
| June..... | 93 | 148 | 147 | 120 | 162 | 126 |
| July..... | 92 | 148 | 147 | 116 | 161 | 125 |
| Aug..... | 96 | 148 | 147 | 116 | 161 | 126 |

That is, the cost of living went down over 19% between June 1926 and August 1932 or over 18% between June 1927 and August 1932.

*In 1930 the Assessment Act was amended extending exemptions in certain instances. This took effect in the Assessment of 1931.

4. (Q) Has the reduction in cost of living offset the reduction in average income?

(A) It is impossible to say, as a reasonably accurate estimate of the average income is not available. It is probable, however, that outside of some on fixed salaries, who may on the average be in a relatively better position in 1932 than in 1928, most citizens find it more difficult to meet their tax payments than formerly.

5. (Q) Is there any evidence of an increasing inability to meet taxes promptly?

(A) The facts appear in the following table:—

TABLE 1

TAX COLLECTIONS, CURRENT AND ARREARS
(Including Ratepayers' Share of Local Improvements)
1928-1931

| Year | To be Collected | Outstanding Dec. 31st | | |
|------|-------------------|-----------------------|---|-------|
| | | Amount | % of Amount to be Collected. | |
| 1928 | Current Levy..... | \$30,158,194 | \$4,399,067 | 14.59 |
| | Arrears..... | 5,491,721 | 1,065,452 | 19.40 |
| | Total..... | 35,649,915 | 5,464,519 | 15.33 |
| 1929 | Current Levy..... | \$31,449,922 | \$4,569,856 | 14.53 |
| | Arrears..... | 5,464,519 | 1,017,171 | 18.61 |
| | Total..... | 36,914,441 | 5,587,027 | 15.14 |
| 1930 | Current Levy..... | \$33,634,838 | \$5,317,664 | 15.81 |
| | Arrears..... | 5,496,762 | 1,147,558 | 20.88 |
| | Total..... | 39,131,600 | 6,465,222 | 16.52 |
| 1931 | Current Levy..... | \$36,820,958 | \$6,533,341 | 17.74 |
| | Arrears..... | 6,503,843 | 1,547,121 | 23.79 |
| | Total..... | 43,324,801 | 8,080,462 | 18.65 |
| 1932 | Current Levy..... | \$37,522,157 | Estimated on basis of 1931 experience, \$8,504,890. Estimated on basis of 1932 experience to date, \$9,850,165—\$10,283,390 (Est.) 21.60—22.55 (Est.) | |
| | Arrears..... | 8,080,462 | | |
| | Total..... | \$45,602,619 | | |

COMPARISON OF TAX COLLECTIONS TO DATE FOR SIMILAR PERIODS IN 1932 AND 1931

| | 1932 | 1931 |
|--|--------------|--------------|
| As of Jan. 1st..... | | |
| Current Levy..... | \$37,522,157 | \$36,820,958 |
| Arrears..... | 8,080,462 | 6,465,222 |
| Total to be collected..... | \$45,602,619 | \$43,286,180 |
| Amount actually collected, Sept. 15th, per report of Comm. of Finance. | | |
| Current Levy..... | \$28,086,037 | \$28,573,729 |
| Arrears..... | 4,505,938 | 4,076,113 |
| Total actually collected..... | \$32,591,975 | \$32,649,842 |
| Amount to be collected from Sept. 15th to end of year..... | | |
| Current Levy..... | \$ 9,436,120 | \$ 8,247,229 |
| Arrears..... | 3,574,524 | 2,389,109 |
| Total to be collected after Sept. 15th..... | \$13,010,644 | \$10,636,338 |
| Per cent of taxes still uncollected at Sept. 15th..... | 28.5% | 24.6% |

e. (Q) Do the City's budget estimates of expenditure take cognizance of the taxpaying ability of the citizens?

(A) The table below shows some of the facts:—

| Year | Amount Levied by General Taxation | Per Capita |
|-----------|-----------------------------------|--------------|
| 1928..... | \$28,029,719 | \$47.86 |
| 1929..... | 29,189,590 | 48.14 |
| 1930..... | 30,882,166 | 49.68 |
| 1931..... | 33,799,076 | 53.89 |
| 1932..... | 34,530,040 | 54.64 (Est.) |

It should be pointed out here that the general levy did not provide for exchange on United States funds for 1932, estimated in March by the Commissioner of Finance at \$706,000 and to meet which funds amounting to \$625,000 (to Oct. 1) have already been reported. The Finance Commissioner also estimated "Unemployment Relief" at \$1,125,000. To meet this \$400,000 was appropriated, although there was spent under this head in 1931, \$889,646. It is to be presumed that the difference will be made up by gifts from the City employees and other citizens and from other available sources.

It should be further pointed out that decreases in estimated maintenance expenditures totalling \$1,089,000 were effected in 1932. These were not sufficient to offset items such as increases in deficits on special services and the general deficit for 1931.

The decrease in capital expenditures should be reflected in a decrease in debt charges for succeeding years. The table below taken from the 1932 Estimates sets forth these decreases for 1931 and 1932:—

CAPITAL EXPENDITURES—1930, 1931, 1932

| | 1930 | 1931 | 1932 |
|--|--------------|--------------|-------------|
| New Capital Exp. as passed in estimates | \$23,158,628 | \$13,737,514 | \$4,747,849 |
| Capital Expenditures authorized after adoption of the estimates..... | 10,099,538 | 2,706,065 | Nil. |
| Total..... | \$33,258,166 | \$16,443,579 | \$4,747,849 |

COMMENTS AND SUGGESTIONS

1. The control of capital expenditure is an excellent thing, as it is finally reflected in control of the tax burden. The benefit is not felt immediately, however. An immediate easing of the load is necessary, not only to counterbalance so far as possible the decrease in taxpayers' incomes, but to stimulate business and industry from which most taxpayers draw their income from which taxes are paid.

2. An immediate easing of the load can be effected only by reducing services, reducing the costs of services or both. These latter can be reduced only by cutting the costs of those elements which make up the cost of services, such as supplies, equipment, salaries, wages, etc., either by reducing the amount of each or the rate per unit.

3. Before such reductions are effected the following questions should be considered:—

- (a) Is there adequate control of supplies and equipment by departments under the various elected bodies?
- (b) Does the City always accept the bid of the lowest responsible bidder?
- (c) Do all departments pay the same prices for goods of the same quality?
- (d) Could any departments be co-ordinated to advantage from the standpoint of decreased cost or increased service?
- (e) Have public employees on the average sustained a reduction of income less than, as much as, or more than, the citizens in general?
- (f) Is the reduction of purchasing power of public employees less or more serious than a corresponding reduction of purchasing power of the citizens in general?
- (g) Could the City get along just as well with a smaller City Council?
- (h) Should the City budget its capital expenditures five years ahead?
- (i) Does the present term of one year for Members of Council conduce to continuity of policy and the independence of judgment of Aldermen and Controllers?
- (j) Does the ward system tend to reduce or to increase the debt burden?
- (k) Does the ward system promote or make more difficult the decision of matters of policy on the basis of the needs of the City as a whole?

QUERIES

1. What would be more salutary and welcome than a reduction of \$1,000,000 in the civic estimates for 1933? \$2,000,000?

2. Why should not tentative estimates be brought down in November so that the electors would not have to vote largely in the dark but have something beside generalities and personalities to guide them in choosing the 1933 Council?