

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 TIME TO MEET AN EMERGENCY
IS WHEN THE EMERGENCY APPEARS,
AND THE ACTION TAKEN MUST BE
ACTION WHICH TAKES EFFECT IM-
MEDIATELY, NOT IN THE FUTURE.

HOW DID TORONTO MEET THE
EMERGENCY IN 1932, AND HOW
IS IT PREPARED TO MEET IT IN

1933 ?

How did the City meet the Emergency in 1932 as shown by the Estimates?

- (a) The general estimates of expenditure as compared with last year's general estimates were reduced by \$943,598, or, as compared with approximate expenditures last year, by \$2,734,367. (Among the economies effected was the suspension of salary increases.)
- (b) Education estimates, as shown in the civic estimates, were less than 1931 estimates by \$2,212 and greater than approximate education expenditures in 1931 by \$17,452. (Among the economies effected was a five percent reduction of salaries by the Board of Education after the normal increases had been granted.)
- (c) Thus estimated expenditures from the general fund, supplied by taxation and general revenue other than taxation, were reduced by \$945,810 as compared with last year's estimates, and by \$2,716,915 as compared with last year's approximate expenditures.
- (d) This reduction in the estimates was, however, more than offset by an increase in estimated deficits on special services of \$223,630* and by the general deficit of \$880,288 (the first since 1915), a total increase in expenditures under these heads of \$1,103,918, or a total increase in total estimated expenditure of \$158,108.
- (e) The estimated general revenue other than taxation declined by \$387,789 as compared with the 1931 estimated revenue and by \$1,305,713 as compared with the approximate actual revenue. This estimated revenue, of course, included no surplus from 1931 operations, whereas the 1931 estimates included an estimated revenue from 1930 of \$361,378 (actual \$362,289.)
- (f) The estimated waterworks surplus was down by \$77,215 as compared with the 1931 estimates and by \$206,353 as compared with the actual.
- (g) As a result of all this, taxes had to be increased by \$623,112, plus an additional provision of \$107,824 for uncollectible taxes, or a total of about \$731,000, which necessitated an increase in the tax rate for Public School supporters from 33.60 mills to 33.90 mills.
- (h) If the Finance Commissioner's estimate of \$706,000 for New York exchange, which was not included in the appropriations of 1932, and if his estimate of \$1,125,000 for "Unemployment Relief", which had cost approximately \$889,646 in 1931, and was represented in the 1932 estimates by an item of \$400,000, had appeared in the appropriations instead of passing them on to next year, the additional tax levy would have been about \$1,431,000. If \$200,000 is subtracted from

*Increase over actual, \$124,133.

this as an over-estimate of "Unemployment Relief", and a further amount of say \$393,000 as contributions from civic employees, a total general tax rate of 34.74* mills would have been necessary.

- (i) As the Municipal Act states that "The Council of every municipality shall in each year prepare and adopt estimates of all sums required during the year . . ." it would appear that the City Council must have been satisfied that the City would not be required to pay any New York exchange and that an increased appropriation for unemployment relief would not be necessary. The amount already reported for New York exchange in 1932 is \$625,000. The net estimated cost to the city for 1932 for "Unemployment Relief" is said to be about \$926,000. After deduction of, say, \$393,000, the amount of contributions of civic employees, the additional appropriation was \$133,000.
- (j) That the Legislature contemplated that Municipal Councils should make such reductions during the year as to avoid a deficit is shown by the following provision in the Municipal Act:
"Where the amount collected falls short of the sum required, the Council may direct that the deficiency be made up from any unappropriated fund, or, if there is no such fund, the deficiency may be deducted proportionately from the sums estimated or from one or more of them."

QUERIES.

1. Is the City faced with a deficit for 1932?
2. If so, what steps have been taken to meet it by reductions within the 1932 estimates?
3. What steps are in contemplation to insure so far as possible that the year 1933 will not end with a deficit?
4. Is a city's financial standing injured or helped by drawing attention to known undesirable as well as desirable features?
5. Is the taking of the obvious steps necessary to neutralize undesirable features made easier or more difficult by laying the actual facts and proposals to meet these facts before the citizens and taxpayers who pay the bills before the civic elections?
6. What can help a city's credit more with the lending public than the frank and continuous recognition by the City of all the actual facts and an announcement of prompt action, whenever necessary, to meet these facts?
7. What tends to awaken suspicion, when there is no ground for suspicion, or undermine confidence, when there is every ground for confidence, more than failure to state all the pertinent facts, favorable and unfavorable?

*For public school supporters.

8. Have you asked the candidates the following questions:

- a. Will a reduction in civic expenditure add to the purchasing power of the taxpayers not employed by the City?
- b. Will you support a reduction in the size of the Council?
- c. Will you support an increase in length of term to two or three years, terms overlapping?
- d. Will you support a system by which the estimated revenue and expenditure of the coming year will be published before the municipal elections?
- e. Will you insist on all the probable current expenditures of 1933 being placed in the current estimates?
- f. Will you insist on the current expenditures being reduced to meet the available revenues?

9. The 1932 tax levy (gross, including special items) was.....\$37,522,157
The allowance for uncollectible taxes, etc., was.....\$ 487,647
Estimated collectible\$37,034,510
In 1932, up to December 9th, there was received in cash.....\$34,977,746
including arrears.

Out of tax and other general revenue the 1932 budget
appropriation was\$39,537,339
(without including supplementary appropriations)

There was expended up to December 1st, 1932.....\$37,313,267
(Including expenditure from supplementary appropriations.)

If collections fall short of estimated revenues, other things being equal, current borrowings will have to be increased accordingly. In times like these, should Councils appropriate out of taxes and other general revenues more than they receive in taxes and such revenues, and in times like these, should appropriations be revised at the end of each of the first three quarters of the year to conform with actual cash revenues?

The financial position of Toronto is so sound that it would take more than an occasional mistake or even a prolonged depression to affect it seriously. If a balance is struck now between the ability of the taxpayer to pay and what he is called upon to pay, that is, if civic expenditures are cut to fit his purse, just as his personal expenditures **must** be, the City can resume its long continued no-deficit habit which is largely responsible for its present strong position.