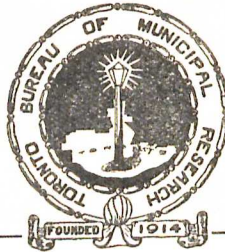


BUREAU OF MUNICIPAL RESEARCH

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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CANADA

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CIVIC CREDIT

1. The City of Toronto **always** pays its maturing debentures "on the nail" out of funds raised through taxation and other revenues. It never refunds debenture debt.
2. The City of Toronto uses **all** accumulations in the sinking fund to retire debt.
3. The City of Toronto **does not** issue debentures to meet current (revenue account) liabilities, either its own direct liabilities or those of "outside" Boards or Commissions. It pays these "on the nail" out of revenue.
4. The City of Toronto **always** provides in its estimates for uncollectible taxes, etc., and operated on a balanced budget from 1915 to 1931 (inclusive).
5. For some years previous to 1930, Toronto reduced each year the percentage of outstanding taxes and has developed an efficient tax collection system.

By **consistently** pursuing these and similar policies Toronto has established an unusually strong credit position. Good credit is not the result of chance, friendship or manipulation. It is the result of **consistent** work under a sound policy.

WHAT GOOD CREDIT MEANS TO THE CITIZENS AND TAXPAYERS

Good civic credit means cheap money, cheap money means low debt charges, low debt charges mean low taxation for debt service. Poor credit means the opposite. A municipality can have whichever it likes; but a credit standing which has been built up by a consistent policy pursued for ten years may be seriously undermined in ten weeks. All that is necessary to reverse the credit position is to reverse the policy in some important particular.

At present, Toronto is in no danger of refunding debentures, or using accumulations in the sinking fund over and above actuarial requirements to reduce this year's taxes instead of for debt retirement and the extinguishment of debt charges for future years, or of issuing debentures to meet current liabilities. It is to be hoped also that it is in no danger of departing from the equally sound policies of

1. Balancing its annual Budget,
2. Controlling the growth of its tax arrears.

Real balancing of the annual budget may be departed from by:

- a. Leaving out of the estimates, or reducing below reasonable figures, items which must be met, such as U.S. exchange, unemployment relief, etc.
- b. Getting special legislation from Queen's Park permitting the funding of certain current liabilities.

This and similar methods would slightly postpone but would ultimately increase the burden. Both will strike at the basis of credit. Getting permissive legislation will make an unwise action legal. It cannot convert an unsound policy into a sound one. Arresting the growth of outstanding taxes and arrears of taxes may be defeated by failing to reduce the tax-rate. If it is not reduced it may be predicted with almost absolute certainty granted that existing industrial and financial conditions continue, that tax arrears will increase both absolutely and relatively.

Maintaining taxation at its present level or increasing it may be considered less inconvenient by Council than reducing expenditures where it might produce awkward results. It would not reduce the inflammation of the taxpayers' pocket nerve, and it would strike at the basis of credit. It is to the real interest of every citizen of Toronto, whether or not he is employed by or does business with the City, that the burden of civic taxation be lightened **NOW** in order that business and industry may not sink to a still lower level, that still more citizens may not find themselves unemployed, that if possible a stimulus be given to production and distribution in this important producing and distributing center, and that taxpayers be given a fair opportunity to recover their taxpaying ability.

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