

# BUREAU OF MUNICIPAL RESEARCH

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

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TORONTO  
CANADA

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## City of Toronto

Estimated Revenue and Expenditures for 1933 out of  
Taxation, Subventions, other General Revenues and  
Proceeds from Sale of Short Term Debentures for  
Unemployment Relief.

### Budget Story No. 3

#### Estimated Revenues

Net Revenue for 1933.....	\$35,601,726.97
Education Grants, etc.....	752,852.00
Total 1933 Revenue.....	\$36,354,578.97
Reserve from previous Revenues for Deferred Ex- penditure .....	139,881.10
Total Available for Appropriations.....	\$36,494,460.07

#### Estimated Expenditures

Appropriations from 1933 Revenue.....	\$36,354,578.97
Expenditure from previous Appropriations.....	139,881.10
Estimated† Unemployment Relief Expenditure for which Revenue Appropriations were not made*.....	900,000.00
Total Estimated Expenditure.....	\$37,394,460.07
Less Estimated Proceeds from sale of Short Term In- stalment Debentures for Unemployment Relief*.....	900,000.00
Net Amount of Appropriations to be paid from Revenue	\$36,494,460.07

† By Bureau of Municipal Research.

\* The City Council has authorized the issue of debentures for relief purposes to the amount of \$1,100,000, to cover the expenditure as of August 31st, 1933. "At the end of the current year, when the City's total share is definitely determined, it will, of course, be essential to pass another by-law for the balance."

On the inside pages will be found an analysis of the Estimated Expenditures according to objects of expenditure. The sub-totals of analysis are necessarily approximate only, but serve to indicate main trends and to illustrate the sort of fact which the Bureau believes should be shown in official estimates.

**Estimated Revenue Expenditure out of Taxation, Subventions, Other General Revenues and Proceeds From Sale  
of Short Term Debentures for Unemployment Relief for the Years 1933, 1932, 1931, 1930 and 1929  
Analyzed According to Objects of Expenditure**

OBJECTS OF EXPENDITURE	TOTAL					PER CAPITA				
	1933	1932	1931	1930	1929	1933*	1932	1931	1930	1929
Salaries, Wages, Fees, Retiring Allowances and Other Payments for Personal Services.....	\$18,025,079.18	\$18,852,387	\$18,659,092	\$18,076,871	\$17,043,319	\$28.75	\$30.08	\$29.75	\$29.08	\$28.11
Other Services.....	1,750,096.00	1,558,361	1,926,521	1,558,028	1,374,943	2.79	2.49	3.07	2.51	2.26
Heat, Light and Power.....	959,263.00	966,069	925,928	985,655	937,490	1.53	1.54	1.59	1.59	1.55
Supplies other than H. L. and P.....	2,172,087.69	2,495,890	2,552,255	2,511,405	2,498,200	3.46	3.98	4.07	4.04	4.13
Upkeep of Structures and Equipment (not including previous items).....	1,055,922.00	1,514,156	1,814,716	1,768,310	1,698,404	1.68	2.42	2.89	2.84	2.80
Debt Service.....	7,464,741.68	7,355,757	7,411,177	6,662,214	6,048,920	11.91	11.74	11.81	10.72	9.98
Interest.....	4,244,443.69	4,139,629	4,122,266	3,888,667	3,492,750	6.77	6.61	6.57	6.26	5.76
Debt Retirement.....	3,220,297.99	3,216,128	3,288,911	2,773,547	2,556,170	5.14	5.13	5.24	4.46	4.22
Unclassified.....	5,967,270.52	4,647,443	3,913,333	3,152,880	2,663,728	9.52	7.42	6.24	5.07	4.39
Capital Outlay from Current Revenue.....**	.....**	182,539	213,403	491,414	744,073	.....	.29	.34	.79	1.22
<b>Total.....</b>	<b>\$37,394,460.07</b>	<b>\$37,572,602</b>	<b>\$37,486,425</b>	<b>\$35,206,777</b>	<b>\$33,009,077</b>	<b>\$59.64</b>	<b>\$59.96</b>	<b>\$59.76</b>	<b>\$56.64</b>	<b>\$54.44</b>
Less estimated revenue expenditure for direct relief to be met from proceeds of debenture issues.....	\$ 900,000.00	.....	.....	.....	.....	\$ 1.43	.....	.....	.....	.....
<b>Total Revenue Expenditure to be paid from Revenue.....</b>	<b>\$36,494,460.07</b>	<b>\$37,572,602</b>	<b>\$37,486,425</b>	<b>\$35,206,777</b>	<b>\$33,009,077</b>	<b>\$58.21</b>	<b>\$59.96</b>	<b>\$59.76</b>	<b>\$56.64</b>	<b>\$54.44</b>

\*On estimated population of 627,000. \*\* Using the classification of previous years and using information available to the Bureau. It is possible that some amounts included in miscellaneous should have been included under this head.

**COMMENT.**

1. The analysis by object of expenditure is more difficult than that by main function as the official estimates are not uniformly classified so as to present the facts for salaries and wages, etc. In the judgment of the Bureau adequate consideration of the estimates by Council and by the citizens who foot the bills is rendered impossible by the failure to set forth on the face of the estimates for all administrative units, the analysis of appropriations under the headings of salaries, wages, other payments for services, heat, light and power, other supplies, equipment, etc. The information herein contained is as accurate as the sources of information available to the Bureau permit and is sufficiently accurate to indicate main trends.
2. The estimated civic salary and wage bill, including the City proper, the Board of Education, the Library Board and Separate School Board, but not including the Civic Abattoir and Water Works, is the lowest since 1929 both in total and per capita. If the average family in Toronto contains four individuals, each family is a public employer and pays civic salaries and wages to the amount of \$115. In 1932 it paid \$120.32, and in 1929 \$112.44.
3. The greater part, if not the whole, of the estimated reduction in salaries, wages, etc., of 1933 in comparison with 1932 appears to be in the Civic departments. How much of the total reduction is due to the application of

the civic percentages of reduction, how much the civic reductions in 1933 exceed in total the voluntary contributions of employees in 1932, and how much of the reduction was due to the employment of fewer persons by the City, the Bureau is not in a position to state.

4. The total City heat, light and power bill, estimated, is lower than any year since 1929 (the 1933 per capita is the lowest in five years) and the estimated bill for other supplies is the lowest both total and per capita in the five years tabulated.
5. Debt charges are the highest both in total and per capita in the five-year period. If the \$350,000 reduction (Sinking Fund Adjustment) had not been made in 1932 (p. 66, 1932 Estimates), the expenditure for that year would have appeared greater by that amount and a reduction both in total and per capita would have appeared in 1933.
6. Both the total and per capita estimated revenue expenditures were the lowest since 1930.
7. The general deficit of the City at the close of 1932 was \$1,270,425.99. At the end of 1931 it was \$891,285.55. At the end of 1930 there was a surplus of \$362,289. The 1932 budget made no appropriation for "cost of U. S. exchange", although this was estimated by the Finance Commissioner at \$706,000, which figure did not greatly exceed the actual cost, \$661,869. The

appropriations for "cost of unemployment relief" and "cost of hospitalization" were inadequate. These three items largely explain the deficit.

8. As "unemployment relief" is a current expense item, and no provision is made in the current budget therefor, the budget is unbalanced by the net amount of the "unemployment relief". Unless this amount is offset by surpluses in other items, 1933 will really end with a deficit, although it may not so appear in the statement of revenue accounts, as "unemployment relief" is to be financed by the issue of "five-year serial instalment debentures". The clear-cut way of showing the facts would have been to show the deficit caused by estimated "unemployment relief" expenditures, if any, as a revenue account deficit, and borrow the money by debenture issue to meet the deficit so created, if any. The issue of debentures to meet "unemployment relief expense" is simply a method of financing and has no relation to the classification of accounts. One man may pay his hospital bill out of revenue and another a similar bill out of borrowed funds; but the nature of the expense in each case is identical. A city may meet "unemployment relief" expense out of revenue in one year and out of debenture issues in the next; but this change in method of financing has no effect on the nature of "unemployment relief" expense or on the revenue-expense deficit or surplus. As it is, except for overhead and interest, there is no appropriation for "unemployment relief" in the 1933 revenue budget, and for the relief food consumed, etc., in 1933, the taxpayers of 1934-1938 are to pay with interest. Whether or not this method of finance was necessary and whether or not all appropriations for 1933 were cut to the irreducible minimum consistent with the maintenance of indispensable civic services before this method was decided on, is for taxpayers and electors to decide for themselves on the basis of facts available.

In a recent address before the Ontario Municipal Association, one speaker stated that: "capital debt should be incurred only when a corresponding useful and necessary capital asset is acquired," and also that "relief debentures, if justified,\* should not be for more than five years, and for only from 25 per cent. to 50 per cent. of the net cost of the year's relief."

\*The italics are the Bureau's.

#### QUERIES.

1. Was the reduction in revenue expenditures of the City proportionate to the reduction in taxpaying ability of the citizens?
2. Were the reductions in the rates of pay of employees of the Board of Education and of the City—that is public employees of the citizens and taxpayers—proportionate to the decline in salaries, wages and income of the citizen employers who meet the civic payrolls through taxes and other payments?
3. Would a further adjustment in the salaries and wages of public employees have obviated in whole or in part the necessity of issuing debentures for unemployment relief, and when the tendency toward increase in salaries and wages manifests itself will it be impossible to increase civic salaries and wages on account of earlier failure to reduce them proportionately to the reduction in salaries, wages and income of taxpayers?
4. What connection, if any, was there between the decision to issue debentures for unemployment relief and that not to make larger reductions in rates of pay?
5. Is the expenditure on relief out of borrowed funds apt to be as closely controlled as such expenditures financed out of the current tax levy? For example, are those elected for a one year term apt to be as exercised in 1933 over the 1935 tax rate as over the 1933 tax rate?
6. If 75% of electors, instead of from 20% to 55%, had voted for all elected offices during the last five years, would the decisions above referred to have been made?
7. Who have the greater responsibility for the 1933 budget, those who voted on January second or those who neglected to vote?
8. Will the City seize the present opportunity for promoting economy and efficiency, or will citizen interest cool off as better times appear?
9. Will the City be in a sounder financial position and the citizens have acquired a more vigorous and independent interest in civic affairs as a result of the experience of the last three years, or will they face the next emergency with no better means of defence than in 1929?