

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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OPEN LETTER

To the Citizens and Taxpayers of Toronto:
Ladies and Gentlemen:

The financial danger signals of the last three years.

According to many observers the economic tide has turned; but that does not mean that the civic corporation can at once with safety resume its previous scale of current expenditure or can ignore the various indications of danger which have been known or should have been known to civic authorities for at least the last three years. Moreover, for many individuals and businesses the tide has not yet turned and a continuation of civic expenditures at the present level will still further delay the turning for them. The standard of living of citizens as a whole is reduced and their purchasing power is diminished by maintaining costs of civic services at a level out of line with other costs, and the new City Council and Board of Education can do much to assist in the reversal of the present tendencies by drastic cuts in the costs of services, which will naturally be reflected in lowered civic expenditure and taxation.

Among the many plain indications that current expenditures should have been curtailed drastically since 1930 are the following:

Total unpaid taxes have mounted.

1. Unpaid taxes have gone up from \$5,420,980 at the beginning of 1929 to about \$11,900,000 at the beginning of 1934, that is from 18.0% of the tax levy of the previous year to about 32.7%. The unpaid taxes have increased 48.1% in the last two years. There may be instances of unnecessary withholding of taxes, but that such withholding is greater than in other years is doubtful, and it can hardly be doubted that the growth of tax arrears is due very largely, if not almost entirely, to reduced ability to pay taxes. The contrary supposition constitutes a serious charge against large numbers of taxpayers and indicates an extremely "hard boiled" not to say callous attitude toward people who are liable for the payment of civic costs.

The reduced power of citizens to pay taxes.

2. Between the 1931 assessment and the 1933 assessment the number of citizens fortunate enough to be eligible for the list of income taxpayers shrank from 21,753 to 17,826 and the number for 1934 is probably further reduced. During the period from 1931 to 1934 the income assessment dropped from \$79,933,958 (revised) to \$50,111,227 (unrevised). No doubt a similar decline of income occurred among less fortunate citizens, some of whom for the last two or three years have had no income at all. Indication No. 2 supplies absolute confirmation to Indication No. 1.

Accumulated surpluses changed to accumulated deficits on current account.

3. The accumulated surplus of \$1,218,181 which lightened the tax load of the 1929 budget became an accumulated deficit of \$1,258,328 which increased the tax burden of the 1933 budget.

Paying out more than is taken in.

4. While the total tax collections, current and arrears, in 1928 exceeded the net tax levy, i.e., while the actual taxes collected exceeded the total amount appropriated out of taxes, by \$1,217,884, the total tax collections, current and arrears, during 1932, fell short of the estimated current expenditures from the net 1932 tax levy by \$1,612,161, and during 1933 by probably \$1,350,000.

Running through the signals.

If any driver of a motor car in Canada were to ignore "stop" and "slow" signals with the assurance and unconcern with which many municipalities and governments in Canada have "run through" all financial signals set against them, he would soon find himself in the traffic court, the hospital or the morgue. Is the financial position of Toronto so impreg-

nable that it can safely disregard all danger signals, or must it too "stop, look and listen" and then act accordingly?

What Must Be Done, How Much and When.

We must return to the 1930 level of civic taxation and expenditure.

For the 1930 assessment the population was 621,596. For the 1934 assessment the population is probably about 621,000. The 1930 revised assessment was \$1,013,408,615. The 1934 estimated revised assessment \$1,027,000,000 is little more. The number of people who are well enough off to be assessed on income has gone down between 1931 and 1934 from nearly 22,000 to 16,000 or 17,000. The net tax levy in 1930, including the ratepayers' share of local improvements, was \$33,150,291. Should it be any more in 1934 than it was in 1930?

But to reduce to a net tax levy of \$33,150,000 means that costs of services must be cut. Discharging men does not necessarily cut unit costs; it often means reducing services and may even mean the increasing of costs. Possibly services must be reduced, but the first step is to reduce costs by reducing all the elements of cost if possible without discharging men. No one contemplates with pleasure the reduction of the rates of pay of civic employees or of other fellow citizens. No one gloats over reduced prices for supplies purchased for citizens from citizens. It is a question of justice and balance or to use a phrase used in the recent campaign, of "the greatest good of the greatest number." It is idle or worse to say that the net tax levy must be reduced to the 1930 level and be at the same time unwilling to take the only steps which can possibly make the reduction effective.

ANALYSIS OF TOTAL COST OF CURRENT SERVICES (EST.), 1933

GENERAL SERVICES	Total Costs	COST OF THE MAIN ELEMENTS IN THE TOTAL COST OF GENERAL SERVICES							
		Salaries, Wages, etc.	Contractual and Per Diem Expenses, etc.	Heat, Light and Power	Other Supplies	Upkeep of Structures and Equipment	Debt Charges	Unclassified	To be funded (Borrowed through Debentures)
General Government	\$ 4,800,260	\$ 1,243,645	\$ 89,008	\$ 31,080	\$ 98,520	\$ 79,572	\$ 2,485,413	\$ 773,022	.....
Protection of Persons and Property	5,730,269	4,223,031	7,874	21,580	1,090,753	163,853	144,986	78,192	.....
Health and Sanitation	3,773,605	2,490,152	165,925	44,000	216,181	59,068	772,402	25,877	.....
Highways.....	2,497,217	357,289	52,617	515,856	128,464	36,697	1,238,515	167,779	.....
Education	12,316,402	8,636,985	50,921	276,315	479,839	622,035	2,188,083	62,224	.....
Recreation.....	1,576,220	835,959	14,336	54,525	85,095	78,298	499,171	8,836	.....
Charity, Corrections and Welfare	3,493,452	238,018	1,387,415	5,907	73,236	16,399	136,172	744,305	\$ 900,000*
Special Grants.....	31,968	.....	.....	.....	.....	.....	.....	31,968	.....
Deficits on Special Services	1,916,739	.....	.....	.....	.....	.....	.....	1,916,739	.....
Deficits on General Services brought forward.....	1,258,328	.....	.....	.....	.....	.....	.....	1,258,328	.....
Total.....	\$37,394,460	\$18,025,079	\$ 1,750,096	\$ 959,263	\$ 2,172,088	\$ 1,055,922	\$ 7,464,742	\$ 5,967,270	\$ 900,000*
Less Estimated Unemployment Relief Debenture	\$ 900,000*	*Then estimated at \$900,000. It seems now that the expenditure may be \$1,750,000 or even in excess of \$2,000,000, bringing the total estimated costs to about \$38,500,000, without including the ratepayer's share of local improvements. Including these, the estimated costs exceed \$41,000,000, or over \$66 per person—man, woman, child—or \$297 per family of average size (say, 4.5). This is a considerable element in the cost of living, and a reduction therein would have the effect of raising the general standard of living and the general purchasing power of EVERY citizen in Toronto.							
To be met out of current revenue	\$36,494,460								

Reduction of tax exemption is good, but it is not good enough or quick enough of attainment

Whatever is to be done must be done NOW if adequate results are to be obtained.

Reducing the total of exemptions from assessment for taxation purposes is advisable and just, and sometime will relieve and make more equitable the tax levy; but the 1934 dilemma cannot be solved by reducing tax exemptions; because the City Council has not the authority to reduce them.

Something must be done now. It must be done thoroughly and justly and in a sufficiently big way to produce the necessary results. The table on the inside pages should convince the most obtuse as to what must be done.

Most candidates during the election agreed that current expenditures and taxes should not be increased. Some expressed the opinion that they should be reduced to the level of 1930.

The Chief Elements, Aside from Debt Charges, in the Estimated Cost of Services in 1933 Were in Round Numbers:

1. Salaries, Wages and other Payments to persons for services	\$18,000,000
2. Contractual and per diem expenses, etc., such as communications, express, advertising, hospitalization, etc.	1,750,000
3. Heat, Light and Power.....	950,000
4. Other supplies	2,200,000
5. Upkeep of plant and equipment.....	1,000,000
6. Unclassified	5,000,000
7. Relief expenditures funded, certainly not \$900,000, (as estimated by the Bureau early in 1933 in the absence of official figures in the Estimates) but \$1,750,000 to	2,000,000 or 2,400,000

If the total costs of services are to be cut, these items must be reduced whenever and wherever possible, either by reducing rates or procuring equal services for less money through (a) centralized purchasing, (b) reducing the number of and coordinating the administration of departments, (c) improved methods of budget making, (d) personnel establishment studies to determine the proper relative size of departmental staffs, etc., etc. **There is no other adequate way.** Anyone who says there is, is deceiving himself and, it is to be hoped, no one else.

Respectfully submitted,

THOMAS G. ROGERS,
President.

HORACE L. BRITAIN,
Managing Director.

A citizens' views, however sound, can hardly produce tangible results, if not expressed. You have views. Why not communicate them to one or more of your elected representatives—personally, by letter or by telephone?