

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

White Paper No. 197

June 22, 1934

The 1934 Budget Estimates of Current Revenues, Debenture Funds used for Current Purposes and Expenditures Chargeable to Revenue of the City of Toronto

Budget Story No. 1

The total estimated net revenue from which the 1934 current appropriations were made was

\$34,402,110

In order to make this comparable with previous years the sum of \$320,266 for debt charges on Unemployment Relief Debentures (which would not have appeared in the estimates if net unemployment relief had been borne out of taxation as in previous years) is deducted, and the estimated proceeds of the sale of unemployment debentures for 1934 net current expenditures on relief are added making a total of \$36,081,844 for current appropriations for current expenditure. The corresponding figure last year was \$38,002,518 (using the actual net expenditure on unemployment relief). This indicates a reduction of nearly \$2,000,000 in estimated current expenditures properly chargeable to revenue of local origin.

CITY OF TORONTO
Estimated Revenue, Estimated Proceeds from Relief Debentures for Revenue Purposes, Equivalent Mill Rates, etc.
1934 - 1933
(Based on Official Estimates for Each Year)

PURPOSE	Amount of Levy		Mill Rate		Assessment Basis	
	1934	1933	1934	1933	1934	1933
A.—TAXATION (Current)						
1. Education in Schools—Total	\$10,614,615*	\$11,039,415	10.10 P	10.30 P	\$1,026,062,674	\$1,048,279,655
Public School Supporters	10,018,555	10,249,152	14.95 S	14.85 S	974,231,352	995,063,302
Separate School Supporters	596,060	790,263	22.57	23.10	51,831,322	53,216,353
2. General Purposes—Total	\$21,552,388	\$22,580,652			955,137,735	977,517,405
General (less Unemployment Relief Deb. Debt Charges \$20,266 for 1934)	19,622,796	19,405,585†	32.67 P†	33.40 P**		
Deficits	1,929,592	3,175,067	37.52 S†	37.95 S**		
General	1,742,958	1,258,328	.54	.45		
Special Services	186,634	1,916,739	32.13 P	32.95 P		
3. Total Taxation	\$32,167,003	\$33,620,067	36.98 S	37.50 S		
Gross	515,169	443,222				
Less Reserve for Uncollectible Taxes, etc.	31,651,834	33,176,845				
Net (Less Unemployment Relief Deb. Debt Charges as above)						
B.—TAXATION PASSED ON TO SUCCEEDING YEARS						
Estimated Proceeds from Relief Debentures for Revenue Purposes	\$2,000,000*	(Actual) \$2,400,791	2.09	2.45		
C.—REVENUE OTHER THAN TAXATION						
Total Net Revenue Other than Taxation	\$2,430,010	\$2,424,882	2.54	2.48		
General Revenue	1,663,670	1,625,250	1.74	1.66		
Waterworks Surplus	763,340	799,632	.80	.82		
Total Revenues, together with proceeds of sale of unemployment Relief Debentures (less D.C. on Unemployment Relief Debentures for 1934)	36,081,844	38,002,518‡	36.76 P	37.88 P		
To reconcile with official estimates subtract net unemployment relief expenditure and add Debt Charges on unemployment relief Debentures	-2,000,000 + 320,266	-2,400,791 (Actual)	-2.09 + .33	-2.45		
Revenue for Collection in 1934	34,402,110	35,601,727	35.00 P	35.43 P		
			39.85 S	39.98 S		

†Including Unemployment Deb. D. C., 33.00 M and 37.85 M, the current Tax Rates for 1934.
 **The Tax Rates for 1933.
 The figures for 1933 are the same as in previous analysis. White Paper No. 18, except for Net Unemployment Relief. There was no estimate for this in the official 1933 estimates. For the figure used by the Bureau, \$900,000, is substituted the actual net expenditure on \$2,400,791. In the 1934 analysis the figure used for estimated net unemployment relief is \$2,000,000, while not included in the official total of estimated current expenditure, were given in the introduction to the official estimates.
 *See opposite page.
 D.C.—Debt Charges.
 P. Public School Supporters.
 S. Separate School Supporters.
 ‡ Approximate actual debt charges on direct unemployment relief debentures for 1933, appearing in the 1934 estimates but with no equivalent item in the 1933 estimates, amounting to the small sum of \$12,239, not deducted.

CITY OF TORONTO
Estimated Expenditure and the Equivalent in Mills on the Assessment
(Based on Official Estimates)

Services	Amount of Expenditures (Est.)		Equivalent in Mills		
	1934	1933	1934	1933	1932
A. Education in Schools (Total)	\$10,616,027*	\$11,038,062	10.10 P 14.95 S	10.30 P 14.85 S	10.30 P 14.90 S
1. Industrial	12,700	14,000	.012	.013	.013
2. Secondary	3,533,083	3,496,524	3.44	3.34	3.39
Technical	1,019,411	1,257,059	.99	1.20	1.24
Commercial	864,589	661,693	.84	.63	.64
Collegiate	1,649,083	1,577,772	1.61	1.51	1.51
3. Elementary	7,070,244	7,527,538			
Public	6,474,184	6,915,550	6.65 P	6.94 P	6.90 P
Separate	596,060	611,988	11.50 S	11.50 S	11.50 S
B. General Expenditures	\$23,536,225	\$23,789,389	24.642	24.336	23.062
Departmental					
Telephone Exchange	7,762	7,748	.008	.008	.008
Court of Revision	4,792	4,813	.005	.005	.005
Special Grants	64,900	31,968	.068	.033	.037
Audit Department	99,759	100,640	.104	.103	.111
Law Department	84,080	84,437	.088	.086	.102
City Council	114,845	106,842	.120	.109	.123
Dept. of Building	113,601	114,664	.119	.117	.157
City Clerk's Dept.	292,885	157,544	.307	.161	.169
Courts, Inquests, etc.	295,220	332,958	.309	.341	.335
Assessment Dept.	275,944	272,922	.289	.279	.313
City Planning Dept.	49,522	49,265	.052	.050	.059
Treasury Dept.	328,940	330,623	.344	.338	.373
Public Libraries	462,091	467,933	.484	.479	.513
Items at large	1,085,640	1,260,636	1.137	1.290	.983
Health Dept.	938,776	932,012	.983	.953	1.051
Property Dept.	1,242,257	1,275,289	1.301	1.305	1.411
Parks Dept.	1,004,374	991,976	1.051	1.015	1.276
Works Dept.	902,382	910,831	.945	.932	1.102
Street Cleaning Dept.	1,660,825	1,660,825	1.739	1.699	2.002
Police Dept.	2,297,949	2,269,956	2.406	2.322	2.512
Fire Dept.	2,572,430	2,531,346	2.693	2.590	2.670
Undistributed Debt Charges	5,654,985	5,328,889			
Less Direct Unemployment Relief Debenture D. C.	320,266				
Net Undistributed D. C.	5,334,719	5,328,889	5.585	5.451	5.412
Welfare Dept.	4,302,532	4,565,272	4.505	4.670	2.338
Current Appropriations	2,302,532	2,164,481	2.411	2.214	2.338
To be met out of Proceeds of Sale of Debentures	2,000,000**	2,400,791	2.094	2.456	
C. General Deficit	\$186,634	\$1,258,328	.195	1.287	.890
D. Deficits on Public Utilities and Special Services	\$1,742,958	\$1,916,739	1.825	1.961	1.869
Housing	15,010	12,785	.016	.013	.018
Abattoir	37,393	21,239	.039	.022	.032
Island Ferry	45,000	50,000	.047	.051	.035
Can. National Exhibition	193,681	153,960	.203	.158	.135
Royal Winter Fair	85,212	88,344	.089	.090	.086
Radials (In Liquidation)	220,404	223,104	.231	.228	.274
Harbour Board	1,146,258	1,367,307	1.200	1.399	1.289
Total Revenue Expenditure (Est.)	\$36,081,844	\$38,002,518	36.762 P 41.612 S	37.884 P 42.434 S	36.12 P 40.72 S
To reconcile with official estimates subtract net unemployment relief expenditure and add debt charges on unemployment relief deb.	-2,000,000** + 320,266	-2,400,791	-2.09 + .33	-2.45	Nil
Current Expenditures to be charged to the Current Year's Revenues	34,402,110	35,601,727	35.00 P 39.85 S	35.43 P 39.98 S	36.12 P 40.72 S

*It must be borne in mind that the reduction in the school levy does not necessarily mean a reduction in the scale of expenditure, as, for example, a large accumulated surplus was available to the Board of Education for the reduction of school taxation this year. (See succeeding numbers in this series).
 **From introduction to the estimates.

COMMENT

1. Accepting the official estimates of net direct unemployment relief costs in 1934, i.e. \$2,000,000, the 1934 civic budget is not balanced by \$2,000,000 less unemployment relief debt charges appearing in the 1934 estimates, i.e. \$320,266, or \$1,679,734.
2. This statement has no bearing on whether or not it was sound policy to fund net direct unemployment relief costs in 1933 and 1934.
3. The best opinion is that not over 50% of net unemployment relief costs in any year should be funded, except in case of dire necessity. Otherwise none should be funded.
4. If the costs of all services, and rates of pay in producing these services, were cut in the estimates to an amount corresponding to the reductions in the revenue of citizens from which they have to pay taxes, and it were found that after such cuts reductions were insufficient to provide for all the net unemployment relief costs, then the funding of a part of these costs may be regarded as logical and defensible. Otherwise not.
5. **Even when defensible, however, the issue of debentures for current purposes cannot balance a budget otherwise unbalanced, because a balanced budget is one in which sufficient revenue is provided to cover all current expenditures. A budget cannot be balanced by borrowing, the apparent opinion of many governing bodies and politicians to the contrary notwithstanding.**
6. To prepare an unbalanced budget to look like a balanced budget may be good political psychology, but it creates in many quarters a false impression. Why not frankly show a deficit and frankly issue bonds to meet the deficit?
7. If Toronto is to enhance her credit and cut down the cost of borrowing for capital purposes and therefore the cost of civic and private living, she must revert to former practices.