

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. 214

April 14th, 1936

The 1936 Budget Estimates of the Current Revenues, Debenture Funds Used for Current Purposes and Expenditure Chargeable to Revenues.

CITY OF TORONTO

Budget Story No. 1

For another year Toronto is to operate on an unbalanced budget. This time the amount of unbalance is equivalent to .992 of a mill on the Assessment.

The total estimated net current revenue (not including educational credits or reserves for deferred expenditure) available for appropriation was

\$36,412,862.31.

In addition it was proposed to borrow for current purposes (direct unemployment relief) the sum of

\$2,341,360.00

or a total of

\$38,754,222.31.

In order to make this comparable with 1932 and avoid duplication, there should be subtracted from this total debt charges on amounts borrowed for direct unemployment relief to the amount of

\$1,440,324.00.

This leaves a total of \$37,313,898.31 compared with the total of \$37,733,204 in 1935; \$37,283,392 in 1934; \$38,002,518 in 1933; \$36,726,864 in 1932 and \$32,106,832 in 1929.

CITY OF TORONTO

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

On Assessment (less Income Assessment (Est.) for 1935 and 1934)

Service	Amount of Expenditure (Est.)		Equivalent in Mills		
	1936	1935	1936	1935	1934
A. Education in Schools (Total)	\$10,897,677	\$10,891,325	10.886 P 15.573 S	10.866 P 15.519 S	10.532 P 15.590 S
1. Industrial.....	6,400†	8,900	.007	.010	.014
2. Secondary.....	3,601,169	3,544,281	3.676	3.612	3.590
<i>Technical.....</i>	<i>1,277,537</i>	<i>1,292,877</i>	<i>1.304</i>	<i>1.318</i>	<i>1.036</i>
<i>Commercial.....</i>	<i>742,703</i>	<i>726,793</i>	<i>.758</i>	<i>.741</i>	<i>.878</i>
<i>Collegiate.....</i>	<i>1,580,929</i>	<i>1,524,611</i>	<i>1.614</i>	<i>1.553</i>	<i>1.676</i>
3. Elementary.....	7,290,108	7,338,144			
<i>Public.....</i>	<i>6,697,227</i>	<i>6,748,003</i>	<i>7.203</i>	<i>7.244</i>	<i>6.928</i>
<i>Separate.....</i>	<i>592,881</i>	<i>590,141</i>	<i>11.890</i>	<i>11.897</i>	<i>11.986</i>
B. General Expenditure.....	\$24,783,031	\$24,992,058	27.281	27.445	27.086
Departmental					
Telephone Exchange.....	7,527	7,295	.008	.008	.009
Court of Revision.....	5,313	4,811	.006	.005	.005
Special Grants.....	61,379	71,481	.068	.079	.071
Audit Department.....	109,980	105,538	.121	.116	.109
Law Department.....	91,350	83,188	.101	.091	.092
City Council.....	115,899	108,250	.128	.119	.126
Department of Building.....	126,534	125,671	.139	.138	.124
City Clerk's Dept.....	146,422	146,156	.161	.160	.321
Courts, Inquests, etc.....	285,705	311,120	.314	.342	.323
Assessment Department.....	267,527	276,804	.295	.304	.302
City Planning Department.....	53,092	53,096	.058	.058	.054
Treasury Department.....	338,479	339,085	.373	.372	.360
Public Libraries.....	464,034	463,945	.511	.510	.506
Items at Large.....	982,796	922,089	1.082	1.013	1.189
Health Department.....	973,358	984,877	1.071	1.081	1.028
Property Department.....	1,212,842	1,225,345	1.335	1.346	1.360
Parks Department.....	981,576	1,011,324	1.080	1.111	1.100
Works Department.....	885,400	866,955	.975	.952	.988
Street Cleaning Department.....	1,664,973	1,662,568	1.833	1.826	1.819
Police Department.....	2,258,223	2,282,041	2.486	2.505	2.516
Fire Department.....	2,522,088	2,563,157	2.776	2.815	2.817
Undistributed Debt Charges.....	6,660,953	6,289,306			
Less Direct Unemployment Relief					
<i>Debenture Debt Charges.....</i>	<i>1,440,324</i>	<i>1,017,124</i>			
Net Undistributed D. C.....	5,220,629	5,272,182	5.747	5.790	5.841
Welfare Department.....	6,007,905†	6,105,079	6.613	6.704	6.026
Current Appropriations.....	3,666,545‡	2,845,079	4.036	3.124	2.521
To be met out of Proceeds of Sale of Debentures.....	2,341,860	3,260,000	2.577	3.580	3.120
Relief Administrative Charges.....	— †	— †	—	—	.385*
C. General Deficit.....	— **	126,272	— **	.139	.204
D. Deficits on Public Utilities and Special Services.....	\$1,633,190	\$1,723,549	1.798	1.893	1.908
Housing.....	9,115	9,025	.010	.010	.016
Abattoir.....	16,093	25,544	.018	.028	.041
Island Ferry.....	43,000	40,000	.047	.044	.049
Can. National Exhibition.....	140,740	208,043	.155	.229	.212
Royal Winter Fair.....	80,766	84,264	.089	.092	.094
Radials (in liquidation).....	222,966	218,379	.246	.240	.241
Harbour Board.....	1,120,510	1,138,294	1.233	1.250	1.255
Total Revenue Expenditure (Est.).....	\$37,313,898	\$37,733,204***	39.965 P 44.652 S	40.343 P 44.996 S	39.730 P 44.788 S
To reconcile with official estimates subtract net unempl. Relief exp. and subtract Relief adm. charges.....	-2,341,360	-3,260,000	-2.577	-3.580	-3.120
and add debt charges on unemployment relief debentures.....	+1,440,324	+1,017,124	+1.585	+1.117	+ .351
Current Expenditures to be charged to the Current Year's Revenues.....	\$36,412,862	\$35,490,328	38.973P 43.660S	37.880P 42.533S	36.576P 41.634S
Less Rev. other than Civic Taxation.....	-4,079,561	-2,670,234	-4.491	-2.932	-2.661
Plus Reserve for Uncollectible Taxes.....	+ 300,859	+ 404,739	+ .368	-.798§	-.915§
General and School Levy (gross).....	32,634,160	33,224,833	34.85P 39.40S	34.15P 38.65S	33.00P 37.85S

TAXATION OF MUNICIPALLY-OWNED PUBLIC

UTILITIES.

During the consideration and debate on the Estimates, considerable was heard about the full taxation of municipally-owned utilities. In the opinion of the Bureau all such utilities should be taxed—except one, and that should be discontinued, as it is too expensive and too useless (if this is a proper adjective to apply to a utility) a luxury for the citizens of Toronto, all of whom directly or indirectly contribute to filling up the hole which it annually enlarges. If taxes are justified on any enterprises, it is only because public services are rendered to them and to their employees. If a utility changes hands, the same municipal services are rendered to the same undertaking and to the same people the day after as the day before the change and therefore, the same taxes should be paid by the utility after as before the change in ownership. Any industry which cannot carry its own charges, whether privately or publicly owned, is no asset or a doubtful asset to the community. An undertaking should carry not only its own direct costs for public services, but that share of the educational and other costs of its employees which their own resources do not carry. This element explains why a new industry is not "all velvet". One which does not fully pay its way to the community is certainly not "all velvet".

Under existing conditions, when a utility is partially or entirely freed from taxation, the tax-base is narrowed and the tax burden is distributed among those persons, industries and businesses remaining on the tax list. A citizen is still expected to buy his family's food, clothing, shelter, radio and motor car and pays as a consequence part of the taxes of the baker, tailor, house owner (in good times), and radio and motor distributor. Why should he be freed partially or wholly from the element of taxes in his bills for water service, electric light service, and transportation? The omitting of any element of cost in the statements of municipally-owned utilities, does not reduce the cost. It simply transfers it to other shoulders, just as failure to pay one's tailor does not reduce the cost of clothing but simply transfers it to the tailor.

Again, in recent times, large municipalities such as Toronto have made arrangements to supply water, power, light, etc., to other municipalities. In such cases, if some costs such as services should be paid for out of taxation are omitted, or if part of the cost is disguised by doubtful charges to municipal departments and

NOTES FOR PRECEDING PAGE—

*Later paid out of current funds. †Included under Welfare Department above. **Surplus. ‡In 1936 Industrial Schools are included in the Estimates for Public Welfare, and for purposes of comparison, the appropriation for Public Welfare is divided above. ***Corresponding Figures 1932, \$36,726,864 (rev.) §Including adjustments for change in assessment. The corresponding adjustments for the 3 years for Separate School supporters would be .231, .051, 1.123.

thus costs are made to appear lower than they really are, such contracts are liable to be set aside or the rates reduced to the ultimate disadvantage of the taxpayers of the supplying municipality and possibly to the creation of deficits in place of real or ostensible surpluses.

On April 6th the City Council decided not to submit to the electors a by-law providing for taxation of publicly owned utilities. Adoption of the policy is delayed, but the issue is not settled. In the meantime public discussion of the facts is in the public interest.

THE FINANCING OF DIRECT RELIEF COSTS.

The citizens and taxpayers of Toronto are to be congratulated on the inclusion in the Estimates of the amount of \$585,340 of the total estimated direct relief costs of 1936 over and above the administration and "unallowable" costs for the year. This is the first year since 1932, in which all costs of direct unemployment relief were borne out of current funds, that the civic estimates have included any part of the net direct unemployment relief distributed during the year concerned. In the introduction to the 1935 Estimates, it was recommended that in 1936, the Estimates should include one-fifth of the direct unemployment relief costs to be met out of current revenues, in 1937, two-fifths and so on until 1940, when 100% of the cost should be paid out of current revenues.

The new plan provides for a payment each year of a flat amount of \$600,000, plus administrative charges, etc. It is estimated that by 1942, or two years later than in the former plan, all the costs of direct unemployment relief will be met out of current revenues, costs after that year entirely ceasing. However, they may continue. That is, the former plan assured the taxpayers that borrowing for direct unemployment relief costs would definitely cease in 1940, while the new plan gives no such assurance.

Tax rates of 34.85 mills and 39.40 mills mean practically annual charges of $3\frac{1}{2}\%$ and 4% on the assessed value for taxation purposes of every home and other piece of property in Toronto.

NOTICE OF ANNUAL MEETING.

The Annual Meeting of the Bureau of Municipal Research will be held in the Board Room of the Bureau, Room 804, 137 Wellington Street West, at 4 p.m., April 28th, 1936. You are cordially invited to attend.