

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

White Paper No. 232

June 14, 1938

1938 Civic Budget

STORY No. 1

Total Estimated General and Educational Expenditures
out of Taxation and General Revenue

\$37,046,200*

The part of these expenditures properly chargeable
to 1938 revenues,

\$36,441,018

Excess cost due to funding of direct relief debentures

\$605,182

*Including reserve for deferred expenditures.

THE 1938 CIVIC BUDGET

provides for estimated expenditure less than the approximate actual expenditure for 1937 by about \$822,000. This reduction is more apparent than real as the reduction in Fire Department expenditures by changing the basis of payment (a change justifiable on other grounds), did not reduce but simply transfer costs. Over \$831,000 were in this way cut from the estimated expenditures and a like amount from the estimated revenue other than taxation. There were some real reductions as in Parks, Welfare, Highways, Deficits of Special Services, etc., but the whole net reduction, including the apparent Fire Department reduction, is about the same as the reduction in Fire Department estimates due to a shifting, not in decrease of costs of water.

This fact and a reduction in the assessment base explain why the 1938 tax-rate is the highest on record. Probably the increase in tax burden is greater than the increase in tax-rate, if the widespread opinion is correct that the assessment for taxation purposes now is a greater percentage of the actual value of taxable property than in 1929, the peak of good times. In fact the estimated expenditure on general account out of current funds exceeds the actual expenditure out of current funds in 1929 by over four million dollars. That is, we are to spend more in 1938 than in 1929, while ability to pay is probably appreciably less.

It is somewhat disheartening to note that while the policy of funding all or a large part of the City's share of direct unemployment relief, results in 1938 in paying out over \$600,000, or over two-thirds of a mill on the general assessment, for direct unemployment relief, more than the cost to the city of 1938 relief, the City proposes to borrow under this head more in 1938 than it proposed to borrow in 1937, and nearly half a million more than it actually borrowed. The fact that the government's share is reduced is regrettable and may be used as an excuse, but not as an explanation, of increased borrowings for relief. It is impossible to borrow our way to a lower tax burden. It is impossible to stimulate business and industry without reducing the tax burden through reduced expenditure. It is impossible for business and industry to absorb the employable unemployed without lightening the load on business and industry.

CURRENT EXPENDITURES AND TAX RATE

1923—1938

The table below shows how the current expenditures and tax-rates, with some temporary recessions, have increased in the last decade and a half. Where will it halt?

YEAR	General Current Expenditure* made out of Current Funds (Taxes, General Municipal Revenues, Provincial Grants and Subventions, etc.)		Per Cent. of Possible † Voting for Mayor	Mill Rate
	Total	Per Capita		
1923	\$27,593,431**	\$51.22	64.6%	30.80
1924	27,663,631**	51.00	47.9	30.00
1925	28,070,046**	51.09	37.3	29.85
1926	28,121,236**	50.51	46.8	29.60
1927	29,854,153**	52.38	45.7	31.80
1928	31,222,525	53.31	44.8	31.80
1929	32,760,708	54.03	38.7	31.50
1930	35,500,110	57.11	53.1	31.80
1931	39,061,539	62.28	55.3	33.60
1932	37,678,877	60.13	Acc.	33.90
1933	35,225,088***	56.49***	54.5	33.40
1934	35,958,647	57.14	50.1	33.00
1935	36,486,738	57.16	59.7	34.15
1936	36,961,769	57.26	57.6	34.85
1937	37,845,445 (Approx)	58.38	43.9	35.70
1938	37,023,546 † (Est)	56.87	51.9	36.05

* Including deficits only on special services.

† On the basis of one-third duplication of names on voting list, probably much too great an allowance.

** With a slight element of estimation.

*** Not a real decrease. Apparent decrease obtained by funding direct relief expenditures.

† This does not include reserve for deferred expenditures. Neither does this figure represent a real reduction but simply a transfer of costs from Fire Department account to Water Works account. Otherwise the 1938 estimated expenditure might have been about the same as the approximate actual expenditure of 1937 or slightly larger.

It is high time—

1. That Council ordered a detailed survey of civic administration and expenditure by a disinterested party.
2. That the organization of Council be revised.
3. That wards be abolished or equalized and reduced in number, and that more than half of Council should be elected at large.
4. That for the present one-year term a "staggered" three-year term be substituted.