

# 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.

137 WELLINGTON ST. W.  
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TORONTO  
CANADA

*White Paper No. 233*

*September 14, 1938*

## City of Toronto

1938 Budget Story No. 2\*

Budget classified according to main objects of expenditure.

For the second time the amount of money to be raised on current account exceeds the current cost properly chargeable to the year. This year the City has to raise over \$600,000 in excess of estimated direct unemployment relief costs or about  $\frac{3}{5}$  of a mill on the tax-rate. Although the City is budgetting in 1938 for more than the 1938 costs by over \$600,000, it proposes to borrow \$1,890,000 to meet direct unemployment relief costs.

The funding of the City's share of all direct unemployment relief costs including administration costs in 1933, all except administrative costs in succeeding years, and all except administration costs and \$600,000 or almost that during the last three years has led to the increase in estimated relief debt charges from nil in 1932 to \$2,495,182 in 1938 and was the chief factor in the increase of total debt charges to be paid out of taxation and general revenue from \$7,355,757 in 1932 to \$9,900,240 in 1938. Revenue accounts not paid now out of revenue must be paid later on with interest out of revenue, that is, for the most part, out of taxes. It is impossible to borrow our way out of high taxation. Each step only takes us further in.

\*For Budget Story No. 1 see White Paper No. 232, June 14, 1938.



Estimated Current Expenditures out of Taxation, Grants, Surpluses, Credits, Other General Revenues, and Proceeds from the Sale of Short Term Debentures Issued to Meet the Net Cost of Direct Unemployment Relief for the Years 1928 to 1938  
(both inclusive)

Analyzed according to the Objects of Expenditure Entering into the Cost of the General Functions of the Municipal Government.

OBJECT OF EXPENDITURE	TOTAL											PER CAPITA**										
	1938	1937	1936	1935	1934*	1933	1932	1931	1930	1929	1928	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928
Salaries and Wages and Other Payments for Personal Services . . . . .	\$18,978,635	\$19,056,000	\$18,191,000	\$18,410,901	\$18,261,816	\$18,025,079	\$18,852,387	\$18,659,092	\$18,076,871	\$17,043,319	\$16,201,115	\$29.15	\$29.39	\$28.18	\$28.84	\$29.02	\$28.91	\$30.08	\$29.75	\$29.08	\$28.11	\$27.66
Other Expenses, including Unclassified Welfare Expenses, minus Direct Relief Debt Charges . . . . .	7,562,143	9,126,739	11,171,128	11,926,606	12,666,439	13,405,430	11,181,919	11,202,753	9,976,278	9,172,765	8,865,408	11.62	14.08	17.30	18.68	20.13	21.50	17.85	17.86	16.05	15.13	15.14
Debt Service . . . . .	9,900,240	9,486,991	8,769,772	8,413,017	7,785,661	7,464,742	7,355,757	7,411,177	6,662,214	6,048,920	6,236,927	15.21	14.63	13.60	13.19	12.37	11.97	11.74	11.81	10.72	9.98	10.65
(a) Interest . . . . .	3,690,381	3,918,436	4,067,275	4,211,955	4,236,447	4,244,444	4,139,629	4,122,266	3,888,667	3,492,750	3,653,377	5.67	6.04	6.30	6.59	6.73	6.81	6.61	6.57	6.26	5.76	6.24
(b) Debt Retirement . . . . .	6,209,859	5,568,555	4,702,497	4,201,062	3,549,214	3,220,298	3,216,128	3,288,911	2,773,547	2,556,170	2,583,550	9.54	8.59	7.30	6.60	5.64	5.16	5.13	5.24	4.46	4.22	4.41
Capital Outlay . . . . .							182,539	213,403	491,414	744,073	60,000							.29	.34	.79	1.22	.10
TOTAL . . . . .	\$36,441,018	\$37,670,074	\$38,132,690	\$38,750,524	\$38,713,916	\$38,895,251	\$37,572,602	\$37,486,425	\$35,206,777	\$33,009,077	\$31,363,450	\$55.98	\$58.10	\$59.08	\$60.71	\$61.52	\$62.38	\$59.96	\$59.76	\$56.64	\$54.44	\$53.55
Difference between current costs and current payments for Direct Unemployment Relief, being difference between annual amounts funded for Direct Unemployment Relief and amount of debt charges for Direct Unemployment Relief . . . . .	605,182†	219,005†	901,036	2,242,876	2,529,629	2,388,552	Nil	Nil	Nil	Nil	Nil	.93	.34	1.40	3.51	4.02	3.83	Nil	Nil	Nil	Nil	Nil
Proceeds of Debentures . . . . .	1,890,000	1,792,500	2,341,360	3,260,000	2,849,895	2,400,791	Nil	Nil	Nil	Nil	Nil	2.90	2.76	3.63	5.11	4.53	3.85	Nil	Nil	Nil	Nil	Nil
Debt Charges on Direct Unemployment Relief Debentures . . . . .	-2,495,182	-2,011,505	-1,440,324	-1,017,124	-320,266	-12,239	Nil	Nil	Nil	Nil	Nil	3.83	3.10	2.23	1.60	.51	.02	Nil	Nil	Nil	Nil	Nil
Current Expenditure to be met out of Current Revenue . . . . .	\$37,046,200†	\$37,889,079	\$37,231,654	\$36,507,648	\$36,184,287	\$36,506,699	\$37,572,602	\$37,486,425	\$35,206,777	\$33,009,077	\$31,363,450	\$56.91	\$58.44	\$57.68	\$57.20	\$57.50	\$58.55	\$59.96	\$59.76	\$56.64	\$54.44	\$53.55
Population (actual) . . . . .	651,000**	648,309	645,462	638,271	629,285	623,562	626,674	627,231	621,596	606,370	585,628											

#### NOTES

1. The apparent reduction in estimated expenditure out of current revenues is not real, but is due almost entirely to the change in estimating charges for water to the Fire Department, by which both general revenue and general expenditure were reduced by the same amounts, about \$831,000. The change makes the figures of Fire costs more comparable with those of other cities, but of course, affects the comparability of Toronto figures of 1938 with those of former years.
2. The estimated total payments for salaries, wages with other payments for the services of persons is still down very slightly, but exceeds those of the boom year 1929 by nearly \$2,000,000.
3. The estimated costs of debt services are still on the increase and exceed those of 1929 by 3.85 million dollars.

\*White Paper No. 200 used the \$2,000,000 estimated Unemployment Relief total mentioned in the introduction to the 1934 estimates, but not included in the Estimates proper. In order that one year might be comparable with the others, the approximate actual figures given in the 1935 Estimates for Direct Unemployment Relief were used in White Papers 208, 216 and this paper.

\*\*The 1938 population is the City's Estimate, and 1938 per capita are based thereon. In all other years the per capita are based on the actual population.

†To be added to total expenditure chargeable to current year—not to be subtracted therefrom as in preceding years.

‡Not a real reduction in expenditure. See note.

#### COMMENT

The excellent record of financial administration in Toronto since 1916, in spite of occasional and serious lapses, has maintained the high credit rating of the City. The only real way to maintain high credit is to deserve it. The Bureau suggests the following methods of maintaining and still further improving the City's relative credit:

1. Adherence to a policy of paying out of current revenues all current expenses leaving behind no permanent balance sheet assets.
2. Adoption and pursuance in increasing measure of the policy of paying capital expenditures out of current funds, particularly small and recurrent capital expenditures, so as to approximate so far as possible a pay-as-you-go policy.
3. A thorough administrative survey of the City to locate any possible points where efficiency might be increased or costs reduced.
4. The budgetting of estimated capital expenditures in advance over a term of five years in close co-ordination with estimated current expenditures in those years with annual revision by Council in the light of changed and changing conditions.
5. The appointment of a permanent Town Planning Commission with power to draw up and recommend a City Plan to Council and to advise the City Council on Zoning and Housing.



## ESTIMATED CURRENT REVENUE

### Estimated Tax Revenue Available for Current Appropriations, 1938

Net Tax Revenue after providing for uncollectible taxes, etc.	\$33,067,105
Provincial Government Subsidy on basis of 1 mill on the general assessment.....	898,065
General Current Revenue.....	1,994,260
Educational Grants, Surpluses, Credits, etc.....	882,579
1937 Surplus available for appropriation.....	181,537
Reserve for deferred expenditures.....	22,654
Deferred Expenditure Reserves Withdrawn.....	Nil
<b>TOTAL.....</b>	<b>\$37,046,200</b>

## ESTIMATED CURRENT EXPENDITURE

Expenditures for 1938 purposes.....	\$36,418,364
Expenditures for reserves for deferred expenditure.....	22,654
Debt charges for direct unemployment relief plus direct unemployment relief costs met out of current revenue.....	\$3,467,689
Less: estimated cost to the city of 1938 direct unemployment relief.....	2,862,507
Excess of direct unemployment relief payments over 1938 estimated cost of direct unemployment relief*.....	605,182
<b>TOTAL.....</b>	<b>\$37,046,200</b>

\*or as in table, direct unemployment relief debt charges \$2,495,182, less proceeds of unemployment relief debentures \$1,890,000.

## Next Steps in City Government

The essential and important features of the Council-Manager plan of city government, arguments for and against the system, some British opinion, what cities are ready and what are not ready for the establishment of the system, are discussed in a series of six White Papers issued by the Bureau in 1925 and 1926. These issues, on account of numerous requests for copies, are now out of print, but may be consulted at the Bureau's office, Room 805, 137 Wellington Street West. There are a number of steps Toronto might take without any drastic change in the present system, which would secure most of the advantages of the Council-Manager system and would make an excellent foundation for that system if later adopted. Among these are:

1. Election of the members of the City Council or a majority of them by vote of the City as a whole.
2. Adoption of the British system of three-year "staggered" terms for members of Council.
3. The co-ordination of all service departments as divisions or sections in a Department of Works and Services under a single administrative head responsible to Council.

No system of municipal government in Canada—Council-manager or other—is at all likely to operate with a close approach to possible efficiency without these fundamental changes.

Even more than a change in the form of its government, Toronto needs a change in the form of its citizenship—i.e., in the effectiveness of its body politic. Without this it is doubtful whether or not any new form of government would, in practice, be more effective than that obtaining at present. Improvement in the machinery of government follows naturally an improvement in its citizenship.

**Note: The Bureau will issue shortly a review of the very complete Annual Report for 1937, just published by the Commissioner of Finance.**