

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

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The Annual Report of the Commissioner of Finance of Toronto For 1938

is a document only second in importance to the Annual Budget for 1939.

It gives the citizen stockholders much valuable information on many topics, among other the following:

1. The financial results of the current operations. (p. 7).
2. The financial results of funding all or a portion of the costs of direct relief expenditures in the years since 1932. (p. 17).
3. The City's record of tax collections since 1929. (p. 19).
4. What the taxpayer's 1938 dollar bought in civic services. (p. 20).
5. Rehabilitation of sub-standard housing. (p. 9).
6. Debt Charges. (pp. 11 and 15).
7. Paying debenture debts before maturity. (pp. 8 and 9).
8. Restriction of capital expenditures during depression years. (p. 18).

1. The Financial Results of Current Operations.

Including Waterworks, the Civic Abattoir, Guaranteed Debt Charges of the Harbour Commissioners, deficit in the City's Canadian National Exhibition account, deficit of the Royal Agricultural Winter Fair, deficit on the Island Ferry Services, debt charges on Radial Railways in liquidation, and net debt charges of the Housing Commission, the City of Toronto ended the year with an accumulated surplus of

\$429,917

As the City began the year with a surplus brought forward from 1937 of

\$216,210

The City on 1938 operations showed a surplus of

\$213,707

2. The Financial Results of Funding All or a Portion of the Costs of Direct Unemployment Relief in the years since 1932.

Year	Amount Funded	Actual Tax Rate	Tax Rate if there had been no Funding	Decrease or Increase in Tax Rate as a result of Funding
	\$	Mills	Mills	Mills
1933.....	2,400,791	33.40	35.84	Decrease 2.44
1934.....	2,844,412	33.00	35.65	" 2.65
1935.....	3,193,487	34.15	36.49	" 2.34
1936.....	2,183,552	34.85	35.68	" .83
1937.....	1,435,562	35.70	35.11	Increase .59
1938.....	1,603,856	36.05	35.07	" .98

Chickens come home to roost and must be accommodated even if there are other insistent claimants for the roost. We may be in for a long war and it is hoped that the provincial authorities will not assist in prejudicing the City's position ten years from now, by giving further permission to issue debentures for non-asset producing purposes. Let us do without what we can do without and grimly determine to pay now for all essential current services. The country will need all its credit to finance the war. There is only one reservoir of credit. The municipalities cannot draw on it without increasing the load for the country as a whole.

3. The City's Record of Tax Collections since 1928.

Year	Gross Levy	Collections* of all years	Excess	Deficiency
1928.....	\$30,158,194	\$30,770,406†	\$ 612,212	.....
1929.....	31,449,922	31,374,140†	.....	\$ 75,782
1930.....	33,634,838	32,612,758	.....	1,022,080
1931.....	36,820,958	35,305,442	.....	1,515,516
1932.....	37,522,157	35,442,349	.....	2,079,808
1933.....	36,378,545	34,447,295	.....	1,931,250
1934.....	34,903,843	35,505,534	601,691	.....
1935.....	35,521,338	36,936,674	1,415,336	.....
1936.....	34,618,721	35,782,906	1,164,185	.....
1937.....	35,215,926	36,331,653	1,115,727	.....
1938.....	35,269,096	36,100,798	831,702	.....

* Including credits.
† From previous reports.

Previous to 1929 more taxes were collected in the current year than were levied in the year. For the five years of the deep depression the tax collections fell below the tax levies in each year. In 1934, and since, more taxes have been collected in the year than have been levied in the year. The amount outstanding has been reduced from \$12,065,416 at the end of 1933, to \$6,936,775. How much of this is due to the falling of property into "stronger hands" is not known. In any event, this result could not have been reached unless the tax collection division of the Treasury Department had been alert, resourceful and efficient.

4. What the Taxpayer's 1938 Dollar bought in Services.

It bought Education to the extent of.....	34.4 cents
" " Social Services to the extent of.....	15.6 "
" " Protection of Persons and Property to the extent of....	12.1 "
" " Health and Sanitation to the extent of.....	10.5 "
" " Highways at a cost of.....	7.6 "
" " Local Improvements (City's share).....	5.6 "
" " Parks and Recreation to the extent of.....	3.9 "
" contributed to Special Service Deficits to the extent of.....	3.4 "
" bought miscellaneous services to the extent of.....	3.5 "
" " general administration at a cost of.....	3.4 "

It bought civic services to the extent of..... 100 cents

5. Rehabilitation of Sub-standard Housing under City By-law No. 14,466.

"Up to June 30th, 1939, 9,038 dwellings have been dealt with". Of these 749 were demolished and the rest brought up to the by-law standard or found already up to standard. In only 42 cases were City loans necessary, repayable as taxes. Nearly a million dollars have been expended on the rehabilitation work, all but a few thousand dollars by the owners directly without loans from the city. This is not spectacular but valuable work from the community standpoint.

6. Debt Charges.

There has been a decrease in ordinary debt charges affecting taxation since 1934. This has been more than offset by the debt charges for relief works and direct unemployment relief, so that in total there has been an increase each year since 1929. There will be a small increase in 1939, but from then on it is estimated on a conservative basis for the next five years there will be large decreases providing that new debt is not incurred sufficient to neutralize the decreases.

7. Paying Debentures Before Maturity.

"During the period 1916-1938 surplus earnings upon sinking fund investments totalled \$11,369,157, which together with accumulated annual levies of \$13,638,773 and unrequired capital balances, etc., of \$8,166,312, facilitated redemption of City debt before maturity totalling

\$33,768,131

up to the close of 1938.

This policy has led to a reduction in debt charges affecting taxation of over \$13¼ millions and debt charges affecting taxation and public utility

rates of over \$16¾ millions between 1920 and 1938 and will lead to reduced debt charges of over 13½ millions dollars between 1939 and 1963. The beneficial effect on the City's credit must have been great. Good credit is not only convenient. It saves money. The few lapses from the best financial practice in recent years have not impaired its high comparative credit standing, but eternal vigilance in all matters large and small is the price of continued good credit.

8. Restriction of Debenture Authorization during Depression Years.

The City's debenture authorization for general works between 1930 and 1939, both inclusive, was about \$23½ millions. Of this over \$11 millions were authorized in 1930. The authorization on general account declined to less than \$200,000 in 1933 and something less than \$750,000 for 1939. Between 1930 and 1934 (both inclusive) however, authorizations for relief work totalled about \$5¼ millions and between 1933 and 1939 (both inclusive) debenture authorization totalled \$15 millions for the city's share of direct unemployment relief. In the decade therefore total debenture authorizations affecting general taxation totalled only about \$43¾ millions. Again between 1932 and 1938, both inclusive, years in which debentures were issued for direct unemployment relief, the net total debt decreased about \$42½ million dollars. Taken together, these facts represent a noteworthy achievement in financing.

It has been held by many that in a nation as a whole, taxation should be relatively high in "good" times and as low as possible in "bad" times, that as much capital expenditures as possible should be made out of current revenues in "good" times when interest rates are apt to be high with consequent large reductions in debt, and that most capital expenditure should be made out of borrowed funds in "bad" times when interest rates are apt to be low, a policy made possible by previous large debt reductions. It is quite probable, if this policy had been followed as a set national policy by all Federal, Provincial and Municipal governments since 1918, that the burden of direct unemployment relief would have been reduced and therefore the debt incurred for relief purposes would not have reached such large proportions. Lacking such a national policy in previous years the only practical financial policy for municipalities is the general policy pursued by Toronto since 1932.

For twenty-five years the Bureau of Municipal Research has maintained a service of independent fact-telling and suggestions to the citizens and taxpayers of Toronto. Under present conditions it is impossible for an individual, unaided, to devote the time necessary to keep in touch with the actual tendencies in municipal affairs. The Bureau offers a real opportunity to citizens to co-operate effectively in civic government by helping to maintain an independent fact-finding agency of constructive criticism which is so necessary for citizen control of the citizens' business.