

# 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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## Estimated Current Revenues for 1940

(In comparison with those of 1930 and 1939)

	1930	1939	1940
Taxes, Net.....	\$30,397,619‡	\$31,805,613	\$31,712,341
Provincial Subsidy .....	Nil	1,343,268	883,296
General Revenue .....	1,671,650	1,821,600	1,848,807
Educational Subventions, etc.....	748,290	999,249	954,971
Surpluses* from Special Services	899,966	137,740	173,474
<i>Abattoir*</i> .....		\$ 2,547	16,384
<i>Waterworks*</i> .....	899,966	135,193	157,090
Surplus brought forward from previous years .....	904,130	418,147	.....†
Reserve for deferred expenditures brought forward .....	585,122	.....	5,000
Total Current Revenue from which Appropriations might be made .....	<u>\$35,206,777</u>	<u>\$36,525,617</u>	<u>\$35,577,889</u>

‡ Including the municipal Income Tax estimated at \$2,465,000.

\* These pay no taxes. What the real surpluses or deficits are is unknown to the Bureau.

§ Estimated deficit \$28,368.

† Estimated deficit \$174,712.

**ESTIMATED CURRENT EXPENDITURE FOR 1940**  
(Compared with Estimates of 1930 and 1939)

	1930	1939	1940
General Expense .....	\$ 8,514,759	\$ 7,825,600	\$ 8,001,382
Service Departments .....	13,087,890	11,670,602	11,397,577
Net Direct Unemployment Relief (Current Cost)* .....	150,000	2,372,591	1,511,300
Schools .....	11,327,674	12,221,689	12,052,105
Reserve for deferred expenditures brought forward .....	585,122		5,000
Deficits on Public Utilities and Special Services† .....	1,541,332	1,253,597	1,195,869
<b>Total estimated amount of Current Cost chargeable to Revenue .....</b>	<b>\$35,206,777</b>	<b>\$35,344,079</b>	<b>\$34,163,233</b>
Surplus if Current Costs only are charged to Current Revenues‡	Nil	1,181,538	1,414,656
Less:			
Estimated Relief Debt Charges	Nil	2,581,538	1,958,656
<b>Net Deficit to be financed by Funding Relief Costs .....</b>	<b>Nil</b>	<b>\$ 1,400,000</b>	<b>\$ 544,000</b>

† Including debt charges on undertakings which have been abandoned. As some others do not pay taxes, the amount of their true deficits is unknown to the Bureau.

\* The city's share of the estimated expenditures on unemployment relief for the year exclusive of debt charges on amounts funded in previous years.

‡ That is, if relief expenditures were paid each year out of current funds and not funded.

**THE FUNCTION OF ELECTED BODIES AT "ESTIMATES"  
TIME**

Once the amount of estimated current expenditure is decided upon, the estimated revenue from sources other than taxation fixed and the assessment tax base or bases established, the determination of the tax rate is simply a matter of subtraction and long division, operations which might be performed by a pupil in the senior fourth or eighth grade of an elementary school. The taxpayers of Toronto do not employ the City Council to work out this problem or even to fix the estimated revenue or determine the assessment. It and the other elected bodies are selected, among other things, to determine what shall be spent on current account out of estimated current public revenues which the citizens and taxpayers can afford to contribute.

**AN "HONEST" TAX RATE**

The qualities required in members of local public bodies in the first and most important step are public spirit, judgment, honesty, courage and a fair amount of intelligence. Representatives with these qualities can and will produce what is sometimes called an "honest" tax rate. Supermen and superwomen are not required.

An "honest" tax rate cannot be produced in these ways:

1. By pretending that items of expenditure will be less than is thought possible or probable.
2. By striking out items which it is known cannot safely be struck out on the expectation that they can be reinserted during the year.
3. By pretending that certain revenues will be larger than it is known or expected they will in fact be.
4. By taking advantage of technically allowable devices of doubtful expediency and soundness.
5. By deciding on appropriations, the total of which is known to be beyond the capacity of the taxpayers to pay without impairing their ability to meet other legitimate liabilities, including their liability to contribute to the cost of national defence.

The taxpayers of Toronto will decide for themselves, now or as events develop, whether or not the 1940 Civic Budget and the 1940 civic tax rate are "honest".

In the meantime the following questions may be asked:

1. If items could properly be struck out after the ½ mill provincial subsidy did not materialize, why should they not have been struck out before?
2. Can the Council be certain that savings could not be effected by the use of accounting machines?
3. Is Council certain that all departments, the Department of Street Cleaning, for example, are adequately mechanized, and, if not, that further mechanization would not reduce costs?
4. Can Council be certain that an independent administrative survey would not show how amalgamation of related departments and other administrative charges would reduce costs and how good service could best be rewarded and poor or unnecessary service eliminated?
5. Are the citizens of Toronto as able to pay in net general and school taxes per person—man, woman and child—\$48.86 with a tax rate of 35.15 mills as they were in 1930 to pay \$48.90 with a 31.80 mills tax rate and in 1929 to pay \$47.13 with a tax rate of 31.50 mills?

6. If a contributory pension scheme for civic employees is to be considered, is provision to be made that everyone appointed to the civic service must be of pensionable age and must at once "go on" the pension fund and begin payments into the fund? (If this is not done, the interests of the taxpayers are not being protected. One of two main purposes of a civic pension fund is the protection of the taxpayers.
7. What steps are contemplated to effect a City-wide plan of after-the-war improvements—from the standpoints of engineering and finance—into which the recommendations of the Committee of heads of operating departments, recently appointed, may be fitted.
8. Are the manoeuvres of the civic authorities at budget-making time an evidence of determination to cut costs, or of a lively fear of raising the tax rate, and do they tend to inspire confidence in the minds of the public? Would they be necessary, if Council really had the will to take the essential steps to effect a real reduction in civic taxation, or if they had as much sympathy and respect for those who supplied the revenue from taxation as for those who received the proceeds of taxation?

In the election for 1939 members of the City Council not more than 154,458 individuals voted and probably at least 150,000 did not vote. In 1940, not more than 125,533 individuals voted and probably at least 175,000 did not vote. In November, 1939, the Bureau stated that, "The quality of government is determined by the quality of those who vote and the number of those who do not vote. Sometimes the latter decides." It may have this time. At least a decreased vote was followed by an increased tax rate even after reductions, some of which were of doubtful soundness. The light vote apparently assured the members of elected bodies that the taxpayers of Toronto did not really worry about the result.

If in 1933, the policy advocated by the Bureau, with regard to the financing of the city's share of direct unemployment relief, had been followed, the present situation would not have arisen and the taxpayers of the City would not be faced by an increased tax-rate. The seeds of the present condition were planted in 1933-1939 and previously. Long range planning is necessary even to control current expenditures.