

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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TELEPHONE EL. 1904



TORONTO
CANADA

White Paper No. 273

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1942

City Budget Story No. 2

As the time draws near for the consideration of the 1943 budget, comparative and analytical consideration of the 1942 budget is in order as a necessary prerequisite.

Including only the net expenditure, i.e. the deficits on public utilities, and not including the ratepayers' share of local improvements, the current appropriations for 1942 were \$34,212,477

This is a decrease of \$659,953 from 1941, but if, as at present and before 1933, local direct unemployment relief cost had been entirely financed out of current revenues from 1933 to 1940 (incl.) the current tax levy would have been \$1,013,235 less. If this amount had been available at the time of the 1942 victory bond campaign, citizens would have been that much better able to do their part in financing the war. Putting off the evil day is rarely sound policy, and in the end results in higher total costs.

Estimated Current Expenditures for the Years 1930 and 1933-1942 (both inclusive) Analyzed by Cost of Main Functions to be Met out of Taxation, Revenue other than Taxation, and in 1933 to 1940 inclusive of the Actual or Estimated Proceeds of Debentures Issued to Meet the Net Cost of Direct Unemployment Relief

COMMUNITY SERVICES BY MAIN FUNCTIONS	TOTAL											PER CAPITA*										
	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1930	1942*	1941	1940	1939	1938	1937	1936	1935	1934	1933	1930
General Government.....	\$ 3,909,139	\$ 4,201,703	\$ 4,364,345	\$ 4,244,626	\$ 4,454,210	\$ 4,377,636	\$ 4,523,198	\$ 4,535,174	\$ 4,940,483	\$ 4,800,260	\$ 3,637,223	\$5.92	\$6.41	\$6.73	\$6.54	\$6.88	\$6.75	\$7.01	\$7.11	\$7.85	\$7.70	\$5.85
Protection of Persons and Property.....	4,886,146	4,868,701	4,851,358	4,997,764	5,016,355	5,773,381	5,659,197	5,752,584	5,753,640	5,730,269	6,218,191	7.40	7.42	7.48	7.70	7.74	8.91	8.77	9.01	9.14	9.19	10.00
Health and Sanitation.....	3,933,742	3,866,746	3,661,504	3,728,294	3,841,841	3,911,038	3,925,144	3,924,359	3,898,599	3,773,605	4,011,583	5.96	5.90	5.65	5.74	5.93	6.03	6.08	6.15	6.20	6.05	6.45
Highways.....	2,420,911	2,418,748	2,378,246	2,536,888	2,527,861	2,533,904	2,429,685	2,404,625	2,390,878	2,497,217	3,530,684	3.67	3.69	3.67	3.91	3.90	3.91	3.76	3.77	3.80	4.00	5.68
Education†.....	12,548,985	12,459,771	12,605,404	12,786,453	12,816,847	12,760,809	12,202,669	12,391,099	12,525,388	12,316,402	11,865,987	19.01	19.01	19.45	19.70	19.79	19.68	18.91	19.42	19.90	19.75	19.09
Recreation.....	1,377,907	1,377,506	1,464,209	1,518,770	1,576,604	1,665,246	1,547,659	1,576,106	1,556,567	1,576,220	1,923,013	2.09	2.10	2.26	2.34	2.43	2.57	2.40	2.47	2.47	2.53	3.10
Welfare, Charities and Corrections (including Direct Unemployment Relief as shown below).....	4,313,120	4,724,360	5,389,112	6,805,641	7,333,705	7,187,941	7,590,892	7,262,399	5,974,135	5,006,482	2,442,814	6.54	7.20	8.31	10.49	11.32	11.08	11.76	11.38	9.50	8.04	3.93
Special Grants.....	33,414	34,715	37,130	53,585	66,029	62,879	61,379	71,481	64,900	31,968	35,950	.05	.05	.06	.08	.10	.10	.09	.10	.10	.05	.06
Combined Deficits on Public Utilities and Special Services.....	789,113	920,180	1,195,869	1,253,596	1,302,748	1,408,745	1,633,191	1,723,549	1,742,958	1,916,739	1,541,332	1.20	1.40	1.85	1.93	2.01	2.17	2.53	2.70	2.77	3.07	2.48
General Deficit brought forward from previous year.....	(Surplus)	(Surplus)†	174,712	(Surplus)†	(Surplus)†	(Surplus)†	(Surplus)†	126,272	186,634	1,258,328	(Surplus)	(Surp.)	(Surp.)	.27	(Surp.)	(Surp.)	(Surp.)	(Surp.)	.20	.30	2.02	(Surp.)
Total Expenditure.....	\$34,212,477	\$34,872,430	\$36,121,889	\$37,925,617	\$38,936,200	\$39,681,579	\$39,573,014	\$39,767,648	\$39,034,182	\$38,907,490	\$35,206,777	\$51.84	\$53.18	\$55.73	\$58.43	\$60.10	\$61.20	\$61.31	\$62.31	\$62.03	\$62.40	\$56.64
Population (actual).....	660,000*	655,751	648,098	649,123	647,803	648,309	645,462	638,271	629,285	623,562	621,596											

City's Share of Direct Unemployment Relief, and how it was Financed

Toronto's estimated share for year:																						
Met out of Current Revenue.....	\$ 1,013,235	\$ 696,536	\$ 967,300	\$ 972,591	\$ 972,507	\$ 993,620	\$ 971,002	\$ 354,538	\$ 351,653	\$ 12,239y	\$ 150,000	\$1.53	\$1.06	\$1.49	\$1.50	\$1.50	\$1.53	\$1.50	\$0.56	\$0.56	\$0.02	\$0.24
Borrowed by Short Term Debentures.....	Nil**	Nil**	544,000	1,400,000	1,890,000	1,792,500	2,341,360	3,260,000	2,849,895z	2,400,791	Nil	—	Nil	.84	2.16	2.92	2.76	3.63	5.11	4.53	3.85	Nil
Estimated Cost (included above).....	\$1,013,235	\$696,536	\$1,511,300	\$2,372,591	\$2,862,507	\$2,786,120	\$3,312,362	\$3,614,538	\$3,201,545	\$2,413,030	\$150,000	1.53	1.06	2.33	3.66	4.42	4.39	5.13	5.67	5.09	3.87	.24
Actual Cost.....	1,013,235	655,324	1,190,302	2,187,730	2,575,232	2,409,953	3,139,293	3,602,411	3,185,061	2,400,791	377,570	1.53	1.00	1.84	3.37	3.98	3.71	4.86	5.64	5.06	3.85	.61
Toronto actually paid during year:																						
Proportion of previous years' borrowings:																						
Principal.....	\$1,504,000	\$2,046,000	\$1,855,000	\$2,442,000	\$2,320,000	\$1,799,000	\$1,226,965	\$800,378	\$201,000	Nil	\$2.28	\$3.12	\$2.86	\$3.76	\$3.58	\$2.77	\$1.90	\$1.26	\$0.32	—	Nil
Interest.....	47,618	83,681	103,656	139,538	175,182	212,505	213,359	216,746	119,266	12,239	Nil	.07	.13	.16	.22	.27	.33	.33	.34	.19	.02	Nil
Current Expense Paid out of current revenue (as above).....	1,551,618	2,129,681	1,958,656	2,581,538	2,495,182	2,011,505	1,440,324	1,017,124	320,266zy	12,239	Nil	2.35	3.25	3.02	3.98	3.85	3.10	2.23	1.60	.51	.02	Nil
Amount actually paid out of current revenue each year.....	\$2,564,853	\$2,785,005	\$2,879,664	\$3,550,990	\$3,466,559	\$2,985,896	\$2,396,065	\$1,426,048	\$660,915	\$12,239	\$377,570	1.53	1.00	1.42	1.49	1.50	1.50	1.48	.64	.54	—	.61
Difference between actual cost and financed cost for year....	1,551,618	2,130,681	1,689,362	1,363,260	891,327	575,943	—743,228	—2,176,363	—2,524,146	—2,388,552	2.35	3.25	2.61	2.10	1.38	.89	—1.15	—3.40	—4.01	—3.83	—

†The 1938 apparent reduction in estimated expenditure was not real, but was 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 and later years with those of former years.

†Current expenditures out of revenue from all sources, as with all main functions. Includes Public Schools, Separate Schools, Collegiate Institutes, Public Library, etc.

‡After borrowing over 2 million dollars for current expenditures on relief in 1936, \$1,792,500 in 1937, \$1,890,000 in 1938, \$1,400,000 in 1939, and \$544,000 in 1940.

*The 1942 population is the City's Estimate, and 1942 per capita are based thereon. In all other years the per capita are based on the actual populations.

**Provision was made for issuing relief debentures amounting to \$19,295. This, however, forms part of the 1940 totals and was included in the Bureau's figures for that year.

yRelief debt charges of \$12,239 were included in the City expenditures for 1933.
zWhite Paper No. 199 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 were used in the White papers 206, 215, 235, 241, 251, 273 and in this Paper.

COMMENT

Taxation and public expenditures are not ends in themselves. They are simply means to the end that certain public services be supplied at cost. The basis of the budget should, therefore, be a work programme. In time of war this should be limited to absolute necessities, including adequate public health and public safety services. The superstructure of the budget is financial. It is made up of the appropriations and provisions for using the funds out of which appropriations may be made.

It is true at all times and particularly true of this time of national emergency, that no city can live to itself alone. It must consider not only its own needs but the needs of the federal authority which is directing the war effort, not only the ability of citizens to pay municipal taxes, but to pay war taxes and lend money for war purposes. If, in the light of these considerations, the proposed expenditure and tax levy seem too high, it is necessary to return to the work programme, and, after revising our conception of the meaning of "necessary", to make service retrenchments enough to permit the lowering of proposed civic expenditure and the tax levy to just proportions.

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The interest charges incurred during the 10 years 1933 to 1942 inclusive for financing direct unemployment relief (shown on the inside pages) amounted to \$1,323,790. This does not include the interest charges until maturity on approximately \$900,000 short term debentures outstanding as at 1st January, 1943.

RECOMMENDATIONS

(From White Paper No. 261, 1941)

1. That the Board of Control establish a system of monthly allotment appropriations, subsidiary to the annual appropriations, within which the departments will be expected to keep, thus securing economies throughout the year, the possibility of which could not be foreseen at the beginning of the year. The passing of an annual appropriation should not mean authorization to spend the whole amount appropriated. The building up of a substantial current surplus in 1941 should make possible a reduction of the tax levy for 1942 greatly to the benefit of war financing.
2. That nothing be allowed to interfere with a thorough study of departmentalization and personnel at the City Hall in order that the findings may be made available to citizens during 1942.

The Bureau of Municipal Research is, and has been from the first, supported by private subscriptions from public-spirited citizens. It has received no governmental or municipal grants, for the reason that its statements of facts, and suggestions as to policy, must not only be independent and unbiased, but must be so considered by the general public. The value of the Bureau to the citizens of Toronto depends on its independence as an agency of constructive criticism and citizen co-operation.