

# 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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1943

## City Budget Story No. 2

For the eighth consecutive year the City of Toronto has reduced its estimated expenditure, which is now practically \$1.2 million less than in 1930, at the height of the boom, and over \$5.6 millions less than in 1937. On the per capita basis there has been a reduction since 1935, the peak, of \$11.87, or slightly over 19%.

The government of the city however is still costing over \$50 per person—man, woman, and child—and one wonders after reading articles in the Press whether—

1. The reduction may be due in part to a wasting of permanent assets and/or a failure to support properly vital services.
2. The reduction may have been retarded by favoritism, local politics, and inefficiency.

If the former is true \$34,047,773 does not cover the whole cost. If the latter is true, even the reduced cost is too high.

Toronto's financial record has been outstanding, but this does not mean that no improvement could or should be made.

Estimated Current Expenditures for the Years 1930 and 1933-1943 (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*											
	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1930	1943*	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1930
General Government	\$ 3,897,171	\$ 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	\$5.77	\$5.84	\$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	5,100,106	4,886,146	4,868,701	4,851,358	4,997,764	4,016,355	5,773,381	5,659,197	5,752,584	5,753,640	5,730,269	6,218,191	7.56	7.30	7.42	7.48	7.70	8.91	8.77	9.01	9.14	9.19	10.00	10.00
Health and Sanitation	4,245,700	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	6.29	5.88	5.90	5.65	5.74	5.93	6.03	6.08	6.15	6.20	6.05	6.45
Highways	2,321,184	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	3.44	3.62	3.69	3.67	3.91	3.90	3.91	3.76	3.77	3.80	4.00	5.68
Education†	12,799,982	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	18.96	18.75	19.01	19.45	19.70	19.79	19.68	18.91	19.42	19.90	19.75	19.09
Recreation	1,454,953	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	2.15	2.06	2.10	2.26	2.34	2.43	2.57	2.40	2.47	2.47	3.10	3.10
Welfare, Charities and Corrections (including Direct Unemployment Relief as shown below)	3,196,907	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	4.74	6.45	7.20	8.31	10.49	11.32	11.08	11.76	11.38	9.50	8.04	3.93
Special Grants	32,443	33,414	34,715	37,130	53,585	66,029	62,879	61,379	71,481	64,900	31,968	35,950	.05	.05	.05	.06	.08	.10	.10	.09	.10	.10	.05	.06
Deficits on Special Services	999,327	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	1.48	1.18	1.40	1.85	1.93	2.01	2.17	2.53	2.70	2.77	3.07	2.48
General Deficit from previous year	(Surplus)	(Surplus)	(Surplus)†	174,712	(Surplus)†	(Surplus)†	(Surplus)†	(Surplus)†	126,272	186,634	1,258,328	(Surplus)	(Surp.)	(Surp.)	(Surp.)	.27	(Surp.)	(Surp.)	(Surp.)	(Surp.)	.20	.30	2.02	(Surp.)
Total Expenditure	\$34,047,773	\$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	\$50.44	\$51.13	\$53.18	\$55.73	\$58.43	\$60.10	\$61.20	\$61.31	\$62.31	\$62.03	\$62.40	\$56.64
Population (actual)	675,000*	669,130	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

	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1930	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1930
Toronto's estimated share for year:																								
Met out of Current Revenue	\$ 825,658	\$ 1,013,235	\$ 696,536	\$ 967,300	\$ 972,591	\$ 972,507	\$ 993,620	\$ 971,002	\$ 354,538	\$ 351,653	\$ 12,239y	\$ 150,000	\$1.22	\$1.51	\$1.05	\$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**	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	Nil	Nil	.84	2.16	2.92	2.76	3.63	5.11	4.53	3.85	Nil
Estimated Cost (included above)	\$ 825,658	\$ 1,013,235	\$ 696,536	\$ 1,511,300	\$ 2,372,591	\$ 2,862,507	\$ 2,786,120	\$ 3,312,362	\$ 3,614,538	\$ 3,201,548	\$ 2,413,030	\$ 150,000	1.22	1.51	1.06	2.33	3.66	4.42	4.29	5.13	5.67	5.09	3.87	.24
Actual Cost	825,658	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	1.22	1.51	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:												Nil	\$0.89	\$2.26	\$3.12	\$2.86	\$3.76	\$3.58	\$2.77	\$1.90	\$1.26	\$0.32	Nil	
Principal	\$ 599,000	\$ 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	12,239	Nil	.02	.06	.13	.16	.22	.27	.33	.33	.34	.19	.02	Nil
Interest	17,159	47,618	83,681	103,656	139,538	175,182	212,505	213,359	215,746	119,266	12,239	Nil	.91	2.32	3.25	3.02	3.98	3.85	3.10	2.23	1.60	.51	.02	Nil
Paid out of current revenue (as above)	616,159	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	377,570	1.22	1.51	1.00	1.42	1.49	1.50	1.50	1.48	.64	.54	.02	.61
Amount actually paid out of current revenue each year	1,441,817	\$ 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	2.13	3.83	4.25	4.44	5.47	5.35	4.60	3.71	2.24	1.05	.02	.61
Difference between actual cost and financed cost for year	\$ 616,159	1,551,618	2,130,681	1,689,362	1,363,260	891,327	575,943	-743,228	-2,176,363	-2,534,146	-2,388,552		.91	2.32	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 1943 population is the City's estimate, and 1943 per capita are based thereon. In all other years the per capita are based on the actual populations.

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, 261, 273 and in this Paper.

\*\*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. The amount is now to be paid out of 1943 current revenue (instead of being refunded).

## THE LONG-SIGHTED VIEW

### Extracts from Bureau Annual Reports and White Papers of Recent Years.

**Toronto should be among the Leaders:** The City of Toronto can render a distinct and valuable national service by demonstrating how reductions in local expenditure and taxation may be effected, without the adoption of unsound practices, and without a deterioration of essential local services. Her example, good or bad, will not be without its effect.

**A Civic Administrative Survey:** The Bureau has repeatedly . . . pointed out the advisability of an independent administrative survey of departments and personnel. In 1930 White Paper No. 158 contained the following passage:

"An administrative study of the present establishment to determine whether or not, and if so how, the number of administrative departments could be reduced to advantage, and the number of employees curtailed, might be greatly to the interest of the taxpayers in limiting the annual costs".

This was written before the deep depression of 1931-35 and of course long before the onset of the present conflict.

If such a survey was advisable then, it is essential now if we are to make the best uses of our resources in men and money in the prosecution of the war for existence in which we are now engaged. A continuous self-survey is of course essential to the health of any business or undertaking, but a detailed view from outside the organization is of vital importance.\*

**A Loan Budget:** Just as current services and their costs are embodied in the current annual budget, so such permanent improvements as are to be paid for out of borrowed funds should be set forth in a capital budget covering, say, a five-year period, and should be revisable annually so that the city would always be operating on a five-year loan budget. Of course a loan budget is always reflected into the current budget through debt charges, interest and repayment of principal, but this offers no control of future loan expenditures: it simply records them after they have been made.

While a long-term loan budget should be a permanent feature of every city's administration in normal times, it will be essential to meet adequately post-war conditions if governing bodies are to do their share of taking up the slack in employment which will inevitably follow the conclusion of hostilities.

Two things are necessary in any post-war reconstruction programme:

1. A reserve of credit
2. A planned programme of work

The City of Toronto, during recent years, by large reductions in its net debt, has built up the former, and by postponement of necessary capital works, has established the basis for the latter. On this basis a detailed programme can be built.

**City and Metropolitan Planning:** It is evident that traffic arteries, zoning, housing, police (to some extent at least), fire, education, trunk sewers, sewage disposal, water supply, parks, are matters for metropolitan planning. In many departments of civic service purely local planning would be almost futile. Local planning bodies, existing or to be established, must be co-ordinated and integrated so that they could speak with one voice, if really effective planning is to be hoped for.

**Housing:** Housing as a function of City Planning cannot be achieved unless there is a popular awareness of the basic facts and unless the people know in general what they want. The time is past when plans involving the amenities of life can be imposed from above without reference to those who will be affected thereby.

\*In 1941-2, after about 6 years' discussion, book-keeping machines, distributing cash registers and addressing machines for tax accounting were installed with the cooperation of the Assessment, City Clerk's, and Treasury Departments. An independent survey of the City's accounting system was also made.

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.