

BUREAU OF MUNICIPAL RESEARCH

Monthly



Letter

137 WELLINGTON STREET WEST, TORONTO

Monthly Letter

February, 1947

Men and Women:

The Civic Budget of Estimated Current Revenues and Expenditures

On January first last we elected men and women who will plan the expenditures on current account of some \$39 million. To be sure, the present members of Council and of School Boards cannot do much about items which embalm decisions of the elected bodies of previous years or the requirements of provincial statutes. In fact some items of the Board of Education budget for 1947 have already been determined for all practical purposes. With regard to these items the action of the 1946 Board was practically decisive. This was quite unnecessary as the report of the Board's Committee on salary schedules had been completed and could have been acted upon by the 1947 Board (on the 1936 Board's recommendation) quite as effectively as by the 1946 Board.

The people of Toronto have proved themselves generous to all their public employees and certainly want their teachers treated fairly, just as they want to be treated fairly by their representatives. At the same time the members of future councils and boards will have to accept the results of last year's decisions which become permanent features of succeeding budgets. If scales of salaries are raised, effective for one month only, they will carry on into other budgets for the whole year. If new activities are undertaken, it will affect not only the expenditures of this year, but in most cases those of succeeding years. If capital expenditures out of borrowed funds are undertaken, the annual cost of servicing the new debt, will be a feature of all budgets until the debt is retired. The good and evil policies that members of elected bodies adopt have direct effects for many years on the well being and finances of every citizen.

Irrespective of length of term or continuity of service, membership in elected bodies requires the capacity to make decisions in the light of the future and the courage to act on these decisions in a forthright manner. This year's Council and Boards will not merely be passing the budget estimates of 1947, but will vitally affect those of 1948 and 1949.

If you have anything to say about this year's budget you had better get in touch at once with the Mayor, a Controller and with one, at least, of the Aldermen or Board members from your Ward (as the case may be) by telephone, letter or personal interview. The whole process of current budget making, it is presumed, will be over by some time in March or perhaps sooner.

The people who pay municipal taxes, directly or indirectly, i. e. - everybody - must in their own interests exercise closer and more direct control than ever before over both current and longer term budgets by:

1. Insisting on explanatory details necessary to forming considered judgments as to necessity or relative importance of proposed expenditures.
2. Studying proposals in the light of these details.
3. Electing people of independence and courage to adopt finally and administer budgets.
4. Keeping in very close and continuous touch with elected representatives by telephone and letter.

This will involve some work and perhaps discomfort, but if the people who pay the bills do not exercise their voting power and their control of expenditures out of current revenue and debenture issues, someone else will (not may) do it for them.

The Capital Budget

Toronto has no true capital budget. Until 1933, capital expenditures out of current funds were a feature of the current budget. In 1929, the current estimates contained an item of almost three quarters of a million dollars which was for capital expenditures which might have been made out of borrowed funds. This was not all spent for the purpose intended and in 1930 almost half a million dollars of capital expenditures were carried forward into the current budget. The 1931 budget capital items amounting to over \$200,000 appeared. Now, the only way that capital expenditures appear in any city budget is after they are made and in the form of debt service charges in the current budget.

Of course, there cannot be a true capital budget until an official city plan showing proposed improvements has been adopted, priorities established for the various proposals and the consent of the electors obtained.

Such a capital budget would need to be for five years in advance at least, with annual revisions and the addition annually of proposed capital expenditures for one year in advance, as the work of the first year was accomplished. Until this is done, we shall have to continue the present custom of undertaking each capital improvement as a unit with a more or less nebulous relation to a nebulous general plan possibly in the minds

of some of those on the budget-making body. Planning Committee Boards or Commissions have been appointed and reported from time to time on proposed future developments, but no overall plan of development has as yet been adopted by the City Council. Only the great financial resources of Toronto and its taxpayers could stand such an expensive and primitive practice in regard to planning capital expenditures. The most we can say is that while we may not know where we are going, we know we are on our way.

J. G. Rogers
President

H. L. Britain
Managing Director

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