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CIVIC AFFAIRS

September 29, 1948.

Fellow Citizens:

BUDGETS BEFORE ELECTIONS

At its September meeting, City Council accepted a Board of Control proposal to obtain departmental estimates for 1949 on or before November 1st next and ratified the Board's action in requesting civic boards and commissions to meet the same deadline. The plan is to draw up next year's budget in time to place it before the electors in early December.

The Bureau has been an original and strong advocate of this essential of good government. It joins forces with the growing number who are giving support to City Council's action in calling now for development of pre-election budgeting. The arguments in favour of pre-election budgets are receiving good emphasis. But this has overshadowed the fact that there are serious problems and they must be recognized.

Planning ahead is recognized as indispensable by corporations large and small, by householders, and by individuals for personal finances. No well managed firm would think of leaving its operations to run along through the entire first quarter of the business year without any certain plan, drawn in advance, for estimating its revenues and controlling its expenditures. Yet the Corporation of the City of Toronto did just this in 1948. The estimates calling for a gross current expenditure of \$52 million did not come before Council until Tuesday, March 30th. As happens when deliberations are late and action imperative, they were rushed through at the last. Following committee revisions, the aldermen had only from Saturday until Tuesday morning to study the Board's submission. Amendments were avoided in the Council session by the doubtful expedient of ironing out contentious items at a morning caucus which was hurriedly arranged and poorly publicized. This is a record of which the Board of Control can hardly be proud; yet the performance in 1948 is not far from average. Improvement is long overdue.

Candidates for civic office have frequently promised, if elected, to take a stand in favour of continuing the same tax rate or of adopting a stated increase or decrease. But until the budget is drawn and the assessment more or less final, the truth is that they do not know exactly where the rate should be set.

A provisional pre-election budget for 1949 should be the goal in 1948. It will mean preparing the estimates without the benefit of a statement of actual revenues and expenditures for the full twelve months of 1948. But this disadvantage is small when contrasted with the value of holding departments to a sound operational pattern throughout the entire year. Yet it cannot be denied that, unfortunately, there are valid administrative difficulties to be faced. The City is confronted with three main problems, all of which have some long-term aspects.

This year Toronto is undergoing a thorough re-assessment. Under the provincial Act, re-assessment by the municipality should be carried out by September 30th if it is to be the basis for taxation in 1949. But, in fact, the work will not be completed by this date so Toronto is seeking a sixty-day extension. Then time must be allowed for appeals lasting several weeks. The belief is that the job cannot possibly be concluded before January 1st. Therefore, with an unknown assessment, it will be a bold candidate who makes promises in terms of the 1949 mill rate.

The long-term picture is better but it too is clouded. The city of Toronto operates under a ward system of assessment revision. Normally under this system, the last appeal findings should be announced each year by October 20th. However, even in the Assessment Act the possibility of delays is admitted and provision is included to cover this eventuality.

The second difficulty in the way of bringing in a full pre-election budget is the position on returns from the Police and Harbour Commissions, the Board of Education and the Separate School and Public Library Boards. While co-operation seems certain, the Board of Control cannot now require these bodies to complete returns earlier than March 1st. Definite assurances have not been received that all these agencies can at such short notice prepare their estimates before November. Indeed, difficulties may crop up in obtaining figures from the regular civic departments. But it should be possible to iron out this problem in succeeding years. Plans for the 1950 budget should be started early in 1949 and arrangements made through agreement or legislation to guarantee that subsidiary boards and commissions meet the new date for returns.

The third and most serious obstacle is the position on provincial grants. The Ontario Government is not able to guarantee educational, welfare or similar grants, or even the general one mill subsidy, this far in advance. The fiscal year of the Province does not end until March 31st and payments to municipalities are not announced or estimated until the spring session of the provincial legislature. This does not create an entirely new situation. For

example, the 1947 budget which was adopted on March 17th, underestimated revenues by some \$1.75 million because particulars were not available on the additional subsidy out of the gasoline tax. Still, the difference in financial year-ends between City and Province does pose a sticky problem and a pre-election budget will only be useful if this fluid factor is made quite clear to the voters.

Obviously the draft budget, as approved by this year's Council, is not intended to be binding on the 1949 members. This creates a risk element--wholesale repudiation of the tentative forecast. While in practice there is usually a large carry-over in personnel, the citizens of Toronto should reconsider the value of staggered terms rather than annual election of all office-holders.

Toronto ratepayers should not expect the City Council to issue a complete financial forecast before this year's election. The most that can be prepared is a partial statement of anticipated revenue and expenditure with explanations of the gaps and uncertainties. However this information should enable candidates to take a stand on proposed current undertakings and capital projects, most of which will have come into the draft estimates. As well, the amounts budgeted for these items can be compared with spending in previous years and approximate expenditures for 1948. Further material for debate will be provided if a long term capital budget is made part of this annual budget statement.

One primary aim of the early budget is to reduce the number of election claims which find little real backing in fact. Yet it is equally important to avoid irresponsible or mischievous use of pre-election budget figures. This year unavoidable shortcomings in the reports will increase the danger. Therefore it seems most important for the City Hall to release with the detailed figures, a clear summary statement--a statement which gives the highlights in layman's language.

Probably in this first year the best use can be made of the earlier estimates after the election. If departmental requirements are mapped out now, departmental expenditures should be more closely watched in the first months of 1949; and the final estimates can be passed much ahead of the schedule which was followed in the spring of 1948.

It is fair neither for Councillors nor electors to judge the worth of pre-election budgeting on the results of this initial experiment. As an essential financial control and an aid to public interest in municipal affairs, the change should be strongly supported for a reasonable test period.

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