

Financing the Golden Age

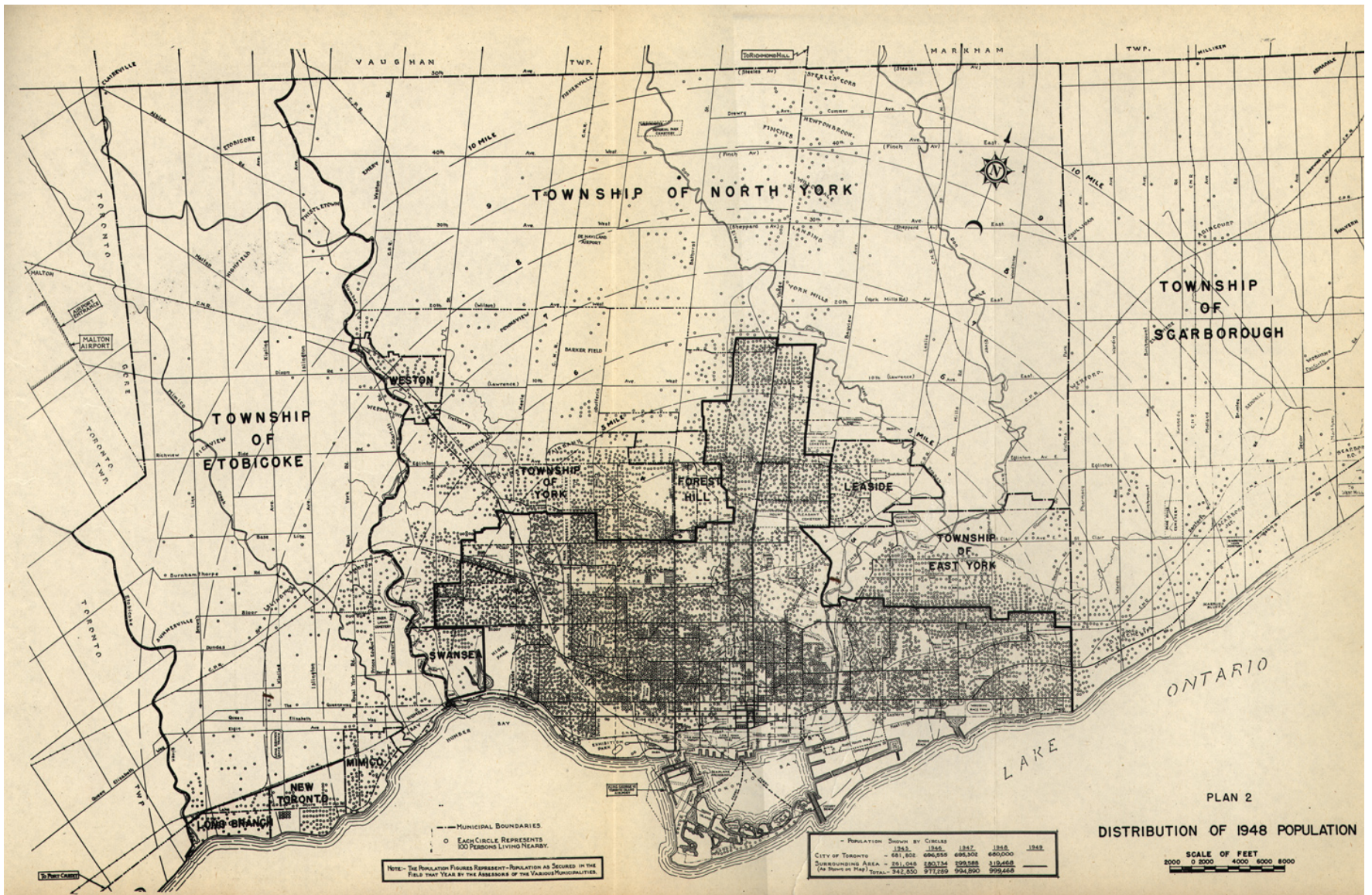
Municipal Finance in Toronto, 1950 to 1975



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FUNCTION	METROPOLITAN RESPONSIBILITY	MUNICIPAL RESPONSIBILITY
Water Supply	- Treatment plants - Pumping stations - Trunk mains and reservoirs	- Local distribution and sale
Sewage and Refuse	- Treatment plants - Trunk Sewers	- Local sewage collection - All refuse collection
Roads	- Metropolitan highways - Arterial roads	- Local streets and highways
Transportation	- Toronto Transit Commission *	None
Education	- Metropolitan School Board (which provides funds to local boards)	- Local school boards operate all schools - Local boards responsible for costs beyond that provided by Metropolitan board
Health and Welfare	- Homes for the Aged - Hospitalization - Children's Aid Societies - Others	- Public Health - Unemployment relief - Social work services - Others
Justice	- Provide and maintain a courthouse and jail	None
** Housing	- Power of a municipality in housing and redevelopment	- Existing local powers
** Planning	- Planning authority throughout and beyond Metropolitan Toronto	- Local planning authority (local plans were expected to conform to metropolitan plan)
Parks (and recreation)	- Create and maintain metropolitan parks	- Create and maintain local parks - Recreation programs
Finance and Taxation	- Establish uniform assessment across Metropolitan Toronto - Impose levy on all local municipalities - All debenture financing	- Collect property taxes
Police	None	- Full responsibility
Fire	None	- Full responsibility

**Table 2: City of Toronto General [Non-Education] Operating Expenditures
(in \$ millions and as a percentage of year's general expenditures)**

Expense Category	1953		1955		1960		1965		1970		1975	
	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%
General Administration	3.53	7.6	2.87	5.7	6.88	7.7	10.45	8.6	13.97	8.8	28.41	11.6
Protection	13.18*	28.3	13.79*	27.4	.67	10.5	11.81	9.8	21.07	10.6	36.66	15.0
Health	2.29	3.4	2.26	4.5	3.07	3.5	4.23	3.5	5.06	3.2	8.85	3.6
Public Works ("Highways" 1953 and 1955)	4.01	8.6	3.34	6.6	4.36	4.4	6.09	5.0	20.61	13.0	25.22	10.3
Parks and Recreation	2.65	5.7	3.48	6.2	7.70	8.7	8.42	6.5	16.12	10.2	26.30	10.7
Sanitation	5.66	12.1	5.28	10.5	7.00	8.0	8.62	7.1	8.25	5.2	16.41	6.7
Social Services	7.07	15.2	3.72	7.4	.02	10.2	11.97	9.9	0.14	0.1	0.88	0.3
Libraries	0.96	2.1	1.17	2.3	NR		NR		NR		NR	
Planning/Development	NR		NR		NR		NR		2.83	1.8	7.25	3.0
Miscellaneous	2.26	4.9	2.43	4.8	1.16	1.3	2.49	2.1	7.19	4.6	NR	
Metro levy (general)	0	0	7.74	13.6	23.02	26.1	36.31	30.0	60.18	37.9	95.03	38.8
Debt charges	4.99	10.5	4.19	8.3	16.29	18.5	20.63	17.1	13.00	**	15.48	**
TOTAL	46.60		50.27		88.25		121.03		155.40		245.01	
TOTAL (1955\$)	46.60		50.27		80.28		100.98		106.90		117.11	
Per capita (1955\$)†	\$70.1		\$73.71		\$124.47		\$154.17		\$155.20		\$170.96	
Education (payments to both City and Metro boards)	21.60		25.44		43.17		61.30		130.00		160.55	

Sources: Toronto, various years

NR – Not reported: expenditures might have been accounted for in other categories.

* Fire and police; fire only from 1957.

** Debt charges are reported in separate tables rather than as annual operating expenses, so the proportion of annual expenditures cannot be readily determined; expenditure figures given here are "Net Debt Charges" from Toronto 1970, 31 and Toronto 1975, 30, and they are not included in the expenditure totals for these years.

† Calculated using <http://www.bankofcanada.ca/rates/related/inflation-calculator/> and population figures from Toronto, various years.

City of Toronto Expenditures (Table 2)

- Operational expenditures
- Rising administration costs
- Increasing protection costs (fire only)
- Substantial debt charges
- Size of Metro levy

Table 3: City of Toronto Revenue (in \$ millions and as a percentage of year's revenue)

Revenue Source	1953		1955		1960		1965		1970		1975	
	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%
Property tax, for all purposes	59.51	79.0	67.60	82.4	107.46	81.2	148.05	80.5	236.05	82.7	347.00	87.0
Property tax (1955\$)	59.51		67.60		97.75		123.52		162.36		165.85	
Per capita (1955\$)*	\$89.49		\$99.12		\$151.55		\$188.58		\$235.65		\$242.12	
Other gov'ts (primarily Ontario)	3.76	4.9	2.40	2.9	11.18	8.4	15.51	8.4	31.88†	11.2	39.01†	9.8
Payments in lieu (included in above)	0.69		0.95		2.80		4.56		7.70		19.40	
Other revenue**	12.10	16.1	12.04	14.7	3.00	2.3	5.72	3.1	12.76	4.4	12.91	3.2
Recoveries from metropolitan municipalities	0		0		10.65	8.1	11.31	6.1	4.84	1.7	NR	
TOTAL year's revenue	75.37		82.04		132.28		183.92		285.53		398.91	
Previous year's surplus	0.92		1.73		0.43		0.46		4.25		11.57	
TOTAL revenue	76.29		83.77		132.71		184.38		289.79		410.48	
TOTAL (1955\$)	75.37		82.04		120.30		153.45		196.39		190.67	
Per capita (1955\$)*	\$113.34		\$120.30		\$186.56		\$234.27		\$285.04		\$278.35	

Sources: Toronto, various years

NR – Not reported: revenues might have been accounted for in other categories.

* Calculated using <http://www.bankofcanada.ca/rates/related/inflation-calculator/> and population figures from Toronto, various years.

** Various non-tax revenues: fines, usage charges, licence fees, rentals, revenue from municipal enterprises such as the abattoir, waterworks, etc.; considerable variation from year to year.

† Includes revenue from municipal enterprises, previously included under Other revenue.

City of Toronto Revenue (Table 3)

- Property tax providing high proportion
- Property tax steadily increasing, per capita
- Provincial contributions fairly low

Table 4: City of Toronto Major Capital Expenditures (in \$ millions)*	
Year/Total	Major Specific Expenditures or Categories (Reporting varies from year to year)
1955 Total = 11.04	Regent Park North: 1.73 Parking Authority: 1.59 Building grant to University of Toronto: 1.00 Highways: 2.10 Purchase of Market Block: 0.63 Parks and Recreation (includes shore protection): 0.78 Sewerage System: 0.56
1960 Total = 13.83	City of Toronto Limited Dividend Housing Corp: 1.19 CNE Grounds Redevelopment: 0.53 Parking Authority: 0.82 City Buildings: 1.07 Highways: 3.43 Moss Park Redevelopment: 3.05 Parks and Recreation: 1.53 Sewerage: 1.35
1966 Total = 25.78	New Civic Administration Building: 4.38 Parks and Recreation: 1.39 Redevelopment Projects: Alexandra Park, 4.87 (at least 75% recoverable from other governments) Don Mount, 2.03 (same) South Side of Queen Street [opposite City Hall], 2.40 (not recoverable) Sewerage: 5.19 Parking Authority: 1.11 (Note: 1964 shows 3.50 for Moss Park Redevelopment Project and 8.63 for New City Hall)
1971 Total = 18.61	Protection of Persons and Property: 1.81 Public Works: 10.66 Recreation and Community Services: 4.34
1975 Total = 41.32	Transportation Services: 6.42 Environmental Services: 9.83 Recreation and Cultural Services: 7.21 Planning and Development: 16.59

Sources: Toronto, various years

* Does not include capital expenditures for education.

City of Toronto Capital Expenditures (Table 4)

- Urban renewal
- Public housing
- New City Hall
- Planning and Development (1975)

Expense Category	1955		1959		1965		1970		1976	
	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%
Protection of Persons and Property	0		20.21	32.0	34.34	30.5	53.73*	24.6	150.79*	31.2
Health and Welfare	8.04	36.8	11.26	17.8	16.74	14.9	65.59	30.0	125.52	26.0
Roads and Traffic	3.84	17.6	6.69	10.6	7.81	6.9	14.79	6.8	20.91	4.3
Sewage System	2.00	9.2	2.73	4.3	4.14	3.7	7.35	3.4	17.93	3.7
General Administration	2.81	12.9	3.69	5.8	5.89	5.2	5.44	2.5	12.28	2.5
Justice†	2.11	9.7	0		0		0		0	
Parks and Recreation	0.04	0.2	1.18	2.8	2.34	2.1	7.35	3.4	19.39	4.0
Refuse Disposal	0		0		0		5.71**	2.6	12.45**	2.6
Special Capital Levy (mostly TTC)			7.13	11.3	9.38	8.3	11.57	5.3	Included below	
TTC subsidy	0		0		0		0		55.23	11.4
Unclassified	0.15	0.7	1.61	2.5	3.79	3.4	5.68	2.6	6.36	1.3
Debt charges	2.85	13.0	8.67	13.7	28.09	25.0	41.10	18.8	62.16	12.9
TOTAL	21.85		63.15		112.56		218.30		483.04	
TOTAL (1955\$)	21.85		57.45		93.91		150.15		217.60	
Per capita (1955\$)††	\$16.80		\$38.56		\$52.17		\$75.08		\$100.74	
Education (for comparison)	33.46		61.28		114.82		398.74		645.09	

Sources: Metropolitan Toronto, various years

* Police salaries \$50.76M in 1970 and \$136.88M in 1976; ambulance services first appear 1970 and are \$11.86M in 1976 (mostly covered by provincial grants – see revenue table).

** Metro assigned responsibility for refuse disposal (but not collection) in 1967.

† Justice included in Protection of Persons and Property 1959; assumed by Province 1968.

†† Calculated using <http://www.bankofcanada.ca/rates/related/inflation-calculator/> and population figures in summary table of Metropolitan Toronto, 1976, 54.

Metro Operational Expenditures (Table 5)

- Administration not rising
- Protection stays high
- Health and Welfare down then up
- Decline in roads and sewerage
- Size of capital levy
- Levy becomes TTC subsidy
- High debt charges

Table 6: Metropolitan Toronto General Capital Expenditures and Contributions from Other Sources* (in \$ millions)

Expense Category	1955		1959		1965		1970		1976	
	Capital Expenditures	Contributions	Capital Expenditures	Contributions	Capital Expenditures	Contributions	Capital Expenditures	Contributions	Capital Expenditures	Contributions
Expressways and Arterial Roads	10.23	5.72	13.86	6.88	32.15	16.12	17.94	9.66	20.22	8.49
Sewage System	2.06	0.49	12.39	2.60	4.38	1.76	6.48	1.93	37.54	11.78
Homes for the Aged	2.17	1.57	0.63	0.31	1.50	0.78	1.27	0.63	4.68**	0.91
Parks	2.21	0.03	0.96	0.11	1.17	NR	1.80	NR	7.61	0.64
Conservation Authority	0		0.51	NR	0.89	NR	0.87	NR	1.95	NR
Refuse Disposal	0		0		0		0.61***	NR	6.89	0.65
Rapid Transit	0		2.53	NR	28.5	10.84	21.88	8.88	102.08	81.51
Courthouses/Jails	0.51	NR	0.02	NR	10.32	NR	0.34	NR	NR	
Traffic Engineering	0		0		0.56	NR	0.09	NR	0.15	NR
Housing and Urban Renewal	0		0		0.18	NR	2.23	NR	0.08	NR
Police and Emergency	0		0		0		0		8.26	2.80
Other			0.47		0.02				2.43	0.28
TOTAL (for which Metro responsible)	17.18		31.37		79.67		53.51		191.89	
Waterworks†			3.73	0.11	15.53	1.21	3.92	0	28.54	8.51
TOTAL	17.18	7.81	35.10	10.01	95.20	30.71	57.43	21.10	220.43	115.57
Net (capital expenditures less contributions)	9.37		25.09		64.49		36.33		104.86	
Net (1955\$)	9.37		23.12		53.81		24.99		47.24	
Per capita (1955\$)††	\$7.21		\$15.52		\$29.99		\$12.50		\$21.87	

Sources: Metropolitan Toronto, various years

NR – No contribution reported

* Contributions are shown where significant; mostly from the Province of Ontario.

** Category is "Assistance to Aged Persons"; may include more than Homes for the Aged.

*** Metro assigned responsibility for refuse disposal (but not collection) in 1967.

† Waterworks responsible for servicing its capital debt.

†† Calculated using <http://www.bankofcanada.ca/rates/related/inflation-calculator/> and population figures in summary table of Metropolitan Toronto, 1976, 54.

Metro Capital Expenditures (Table 6)

- Roads peak 1965
- Sewage declines then rises
- Parks in 1970s (Metro Zoo)
- TTC increasing

Table 8.1: Metropolitan Toronto Gross Revenue (in \$ millions)

	1955		1959		1965		1970		1976	
TOTAL Property tax revenue (general and education use)	36.03		77.49		149.48		441.60		716.07	
TOTAL (1955\$)	36.03		71.41		124.41		303.73		322.57	
Per capita (1955\$)	\$27.71		\$47.73		\$69.12		\$151.87		\$151.65	
Revenue for general use (\$ millions and percentage of year's general revenues)										
	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%
Property tax	13.26	57.2	38.45	59.1	80.40	69.0	142.76	64.3	275.13	53.7
Province of Ontario (Details in Table 8.2)	7.65	33.0	14.90	22.9	19.76	17.0	59.51	26.8	177.29	34.6
Fines and fees, usage charges, surpluses, sundry revenues	2.26	9.8	11.74	18.0	16.44	14.1	19.60	8.8	59.79	11.7
TOTAL General revenue	23.17		65.09		116.60		221.87		512.39	
TOTAL (1955\$)*	23.17		59.98		97.28		152.60		230.82	
Revenue for education use, for comparison										
Property tax	22.77		39.04		69.08		298.84		440.94	
Provincial education grant	9.24		23.30		45.24		103.21		190.22	
Surpluses and sundry revenues	1.79		2.37		3.32		9.22		15.53	
TOTAL Education revenue	33.80		64.71		117.64		411.27		645.69	

Sources: Metropolitan Toronto, various years

* Calculated using <http://www.bankofcanada.ca/rates/related/inflation-calculator/> and population figures in summary table of Metropolitan Toronto, 1976, 54.

Table 7: Percentage of Total Metro Levy Drawn from Each Municipality and Percentage of Metropolitan Population

Municipality	1955*		1960*		1965*		1970**		1976**	
	% Levy	% Pop	% Levy	% Pop	% Levy	% Pop	% Levy	% Pop	% Levy	% Pop
Toronto	58.0	52.7	50.0	42.2	43.6	36.3	41.0	34.9	38.7	31.5
North York	9.9	11.4	14.9	16.2	18.9	20.4	22.3	23.8	23.8	25.9
Etobicoke	7.4	7.2	10.4	9.6	12.7	11.5	15.2	13.8	15.2	13.6
Scarborough	6.6	8.5	9.4	13.0	10.7	14.6	12.2	15.7	13.7	17.7
York	6.3	8.7	5.6	8.1	4.9	7.2	4.9	7.1	4.7	6.5
East York	3.7	5.3	2.9	4.5	2.7	4.0	4.5	5.1	3.9	4.9

Sources: Metropolitan Toronto, various years

* Figures for these years do not include the seven smallest municipalities (Long Branch, Mimico, New Toronto, Weston, Forest Hill, Swansea, and Leaside), which make up about 6% of the metropolitan population; percentages thus do not sum to 100%.

** Figures for these years are complete. The seven smallest municipalities were incorporated into these six larger municipalities on 1 January 1967.

Table 8.2: Metropolitan Toronto Revenue from Province of Ontario (in \$ millions)

Earmarked for	1955	1959	1965	1970	1976
Health & Welfare:	1.00	4.17	5.27	37.06*	74.72*
<i>Children's Aid Societies</i>	0.54	1.63	2.22	0	0
<i>Homes for the Aged</i>	0.46	1.67	2.44	4.96	15.59
<i>Indigent Hospitalization</i>	NR	0.76	0.61	0.81	NR
Roads	1.44	2.70	3.7	5.48	7.68
Protection	0	0.36	0.83	2.72	34.47**
Unclassified		0.29	0.48	0.24	0.08
Public transportation	0	0	0	0	24.96
Per-capita grant	4.98	7.39	9.47	14.01	19.38†
General support grant					15.13
TOTAL	7.65	14.90	19.76	59.51	177.29
TOTAL (1955\$)	7.65	13.73	16.49	40.93	79.87
Per capita (1955\$)††	\$5.88	\$9.21	\$9.16	\$20.46	\$36.98
Provincial education grant, for comparison (in 1955\$)	9.24	21.61	38.43	72.04	87.65

Sources: Metropolitan Toronto, various years

NR – Revenue not reported under this category, but could have been accounted for in other ways.

* Further breakdown:

- New sub-category: General Welfare Assistance 28.58 (1970) and 42.13 (1976)
- Nurseries and Day Cares: 1.49 (1970) and 11.32 (1976)
- Administration of Welfare Services: 4.28 (1976)
- Province began direct funding of CAS after 1965

** Now includes grants for ambulance services, \$8.63 million this year; also see note below.

† Basic grant was \$9 per capita (\$19.38 million) but regional municipalities responsible for policing received an additional \$12 per capita (\$25.84 million), which is included here under Protection.

†† Calculated using <http://www.bankofcanada.ca/rates/related/inflation-calculator/> and population figures in summary table of Metropolitan Toronto, 1976, 54.

Metro Revenue (Tables 8.1, 7, and 8.2)

- Property Tax proportion lower than City's
 - sources of metropolitan levy
- Provincial proportion higher than City's
- Largest amount to Health and Welfare
- Increased grant for protection

Observations

- Education a heavy financial burden
- Trends from hard and soft services not straightforward
- Social Welfare: Province relieves municipality of responsibility?
- Public debt: high but controlled, and it produced new facilities
- The Late Golden Age: signs of change

*Table 9: Analysis of Metropolitan Toronto Health and Welfare Expenditures
(in \$ millions)*

	1955	1959	1965	1970	1976
Health and welfare expenditures (from Table 4)	8.07	11.43	17.74	67.40	128.56
Less provincial grant	(1.00)	(4.17)	(5.27)	(37.06)	(74.72)
Less other contributions	(0.74)	(1.51)	(2.70)	(6.34)	(10.88)
Net municipal expenditure	6.34	5.75	9.77	23.99	42.96
Net (1955\$)	6.34	5.30	8.15	16.50	19.35
<i>Per capita (1955\$)*</i>	\$4.88	\$3.56	\$4.53	\$8.25	\$8.96

Sources: Metropolitan Toronto, Introductory "Statement of Revenues and Expenditures" various years.

* Calculated using <http://www.bankofcanada.ca/rates/related/inflation-calculator/> and population figures in summary table of Metropolitan Toronto, 1976, 54.

Signs of Fiscal Health

- Balanced budgets
- Well-managed debt
- Capital investments for the future
- Sustainable, but increasing dependence
- Metropolitan equity

*Table 10: Population, Area, and Assessment of the Area Municipalities
Comprising the Municipality of Metropolitan Toronto, 1960*

Area Municipality	Population		Area		Assessment	
	Number	% of Total	Square Miles	% of Total	*Amount	% of Total
East York	69,373	4.54	5.6	2.34	\$ 119,163,823	3.00
Etobicoke	145,847	9.55	42.7	17.81	434,246,542	10.92
Forest Hill	20,386	1.34	1.5	0.63	66,074,134	1.66
Leaside	16,645	1.09	2.3	0.96	70,717,641	1.78
Long Branch	10,783	0.71	0.9	0.37	18,133,466	0.46
Mimico	16,442	1.08	0.8	0.33	31,235,368	0.78
New Toronto	12,941	0.85	1.2	0.50	42,787,166	1.07
North York	247,764	16.23	69.5	28.99	634,388,456	15.95
Scarborough	198,724	13.01	70.3	29.33	396,799,014	9.98
Swansea	9,522	0.62	1.1	0.46	23,061,000	0.58
Toronto	644,948	42.23	34.9	14.56	1,898,294,179	47.72
Weston	9,535	0.62	1.0	0.42	22,613,035	0.57
York	124,195	8.13	7.9	3.30	220,079,406	5.53
	1,527,105	100.00	239.7	100.00	\$ 3,977,593,230	100.00

*Assessment made in 1960, as basis for distribution of Metropolitan Levy in 1961.

Source: Metropolitan Toronto 1960, 86

Conclusions

- Features of the Golden Age
 - balanced budgets
 - investments into physical infrastructure
 - heavy public debt
 - top-down financial management
 - reliance on own-source revenues
 - non-unionized municipal staff
 - metropolitanism
- Which made the age golden?

Lessons from History?

- public debt need not be feared, if well managed
- property tax increases acceptable if benefits are apparent
- Metro, two lessons:
 - regional equity important
 - but can only be achieved by top-down authority
- Golden Age coincided not with generous provincial funds but with a political body that taxed and spent regionally