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TORONTO'S FINANCIAL POSITION

The annual report of Toronto's finance commissioner, Mr. Thomas Bradshaw, is a lucid statement of the financial condition of the city, and points out with no less clearness the policy necessary for maintaining and improving the city's position. Mr. Bradshaw points out that sinking funds are provided for every loan, which sinking funds have been maintained, and if this policy is continued they will automatically repay the debt upon maturity. The gross debt, therefore, of about $100,000,000 is set off by about $25,000,000 of sinking funds, and the condition of the city is not as critical as first appearances would indicate. The high tax rate includes a considerable portion for the maintenance of the debt, which portion itself includes amounts levied for the sinking fund.

If no further obligations were assumed before 1921, much of the local improvement debt would be repaid, and a considerable part of the ordinary debt. All of the works being constructed at present are merely to carry out plans laid several years ago. No new works are at present being considered so that there is little prospect of borrowings for capital and expenditures in the near future, unless possibly for war purposes. There need, therefore, be very little addition to the city's debt for several years, and the production through maturities can more than offset the increase. This is greatly to be desired as opinion appears to be in favor of assuming the street railway system when the franchise of the Toronto company expires in 1921 and large obligations would in that case be added to the city.

Mr. Bradshaw is a high-priced civic employee, but his services have already more than repaid the investment. The difficulty is that proper attention is not always given to his recommendations, and civic officials who know nothing whatever regarding finance, take upon themselves the responsibility of criticizing his proposals. When the tax rate for the current year was being discussed, it was moved and very nearly carried that instead of raising the tax rate to meet the requirements a short-term loan should be issued. In support of this recommendation the usual arguments that rapid growth after the war would bring increasing population, assessments, etc., and that the cost of the war should be shared by citizens of future years, were made use of. Fortunately, however, the sounder counsels prevailed, and the tax rate was increased to 30½ mills, an unprecedented figure, with the result that the city did not need to resort to an unfavorable market to secure the funds which would otherwise have been required.

Before striking this high tax rate, efforts were made to prune the estimates wherever possible. The estimates were invariably just as high as usual, and many heads of departments submitted estimates requiring greater totals than previously. While it is a very desirable thing that heads of departments should be thoroughly absorbed in their work and desirous of furthering it in every possible way, there is at the present time a very excellent opportunity for a somewhat broader view to be taken by department heads. This applies equally to other municipalities in Canada. When municipalities are hard pressed to provide funds necessary for their essential works, it is somewhat inconsistent for heads of departments, such as the education and health departments, to submit estimates larger than usual. This has been the rule rather than the exception with Canadian cities since 1914. A different example is shown by the city of Minneapolis, which within a year after the United States had declared war, reduced its estimates by 50 per cent. and expects to reduce them to about 40 per cent. of their former amount. In the case of a city like Toronto, about 40 per cent. of whose expenditures is for the maintenance of the public debt, this is, of course, impossible, but there are a number of departments which afford ample lee-way for reduction, and such reduction may before long be required in order to assure municipal credit.