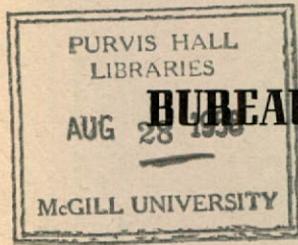


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C. E. M. Kelly

Forty-fourth
Annual Report
1958



BUREAU of MUNICIPAL RESEARCH
TORONTO

BUREAU of MUNICIPAL RESEARCH

Annual Report

For the Year ended February 28, 1958



An independent fact-finding organization
reporting to the public on civic affairs.

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Foreword

In view of the importance of the membership drive on which the Bureau is now embarking it is opportune to refer to it in this foreword. The income of our organization is derived solely from subscriptions, and therefore Bureau memberships must be kept at a high level in order to maintain the worth and scope of the Bureau's work.

Because of the retirement of our former Field Secretary, Mr. Nolan, no campaign for new members was carried out during the past year. A membership committee under the chairmanship of Mr. Oakah L. Jones has been formed for the purpose of working with the Bureau's new Field Secretary, Mr. Ogden Hershaw, to ensure that a lively interest in the work of the Bureau is sustained among as large a group of firms and individuals as possible. New literature on the work of the Bureau has been prepared and a plan of action has been mapped out.

The membership campaign is about to begin and we ask for your co-operation in making it a success.

D. W. LANG
President

Director's Report

One of the most fascinating pieces of writing to come out of England in recent years is a book by Cecil Woodham-Smith called "The Reason Why". In it, the author gets behind the remarkable heroism displayed during the charge of the Light Brigade to disclose the blundering which was responsible for such gallant but pointless loss of life and to explain the folly of mismanagement which characterized the whole conduct of Great Britain's participation in the Crimean War.

Accurate in its facts and balanced in its approach, the book affords a striking illustration of the value of the historian's craft. The author has searched out every conceivable bit of background material and has culled, sorted, weighed and assembled the information with meticulous care. As a result, the book's title is not in the least presumptuous.

In a rather different field, those on the staff of the Bureau are engaged in a somewhat similar endeavour. Keeping abreast of current civic affairs is only the beginning. The real work is to put such events into their proper setting, to search out the causes of current municipal problems and to give thought to sensible ways of improving the situation.

In seeking to live up to these objectives, the Bureau has from the beginning employed qualified full-time personnel and provided them with space to work and specialized library facilities. The staff spends a good deal of time in reading reports, attending meetings and interviewing key civic officials. The work that goes into the preparation of a bulletin or report is always extensive, while some of the material which is studied never sees the light of day; for the aim is to make every release significant and to ensure that all Bureau suggestions for corrective action will be able to stand the test of time. During the forty-four years that the Bureau has been in business, continuity has proven a genuine source of strength. But our record could easily be undermined by careless work or hastily devised proposals. These risks we are not prepared to take.

To my way of thinking, the Bureau's activities during the past twelve months have undoubtedly lived up to the standard set in earlier years. As one illustration, I wish our members could have heard the fine compliments paid our organization when we presented our brief to the Metropolitan Council's Special Committee on Fire Services. Your Bureau was commended for the care with which it had approached the problem of fire unification, for the completeness of its coverage of this involved subject and for the obvious effort to be impartial in its recommendations.

The Bureau makes its influence felt in many quarters, sometimes with flags flying but more often in quiet ways. While we have not come out on top in every engagement, we have, I suggest, no reason to apologize for our conduct in the field; and, in the course of time, we are gaining ground steadily in our campaign for good civic government.

MUNICIPAL REVENUE RAISING

Back in 1914, the cornerstone on which your Bureau was built was the belief that the safe conduct of civic affairs stood in more danger from sheer incapacity and ignorance than from downright dishonesty. Indeed, the more complex our society has become the more difficult it is for the people to be genuinely informed and for their representatives to approach problems with judgment grounded in sufficient knowledge of the facts.

About a year ago, one of the newer members of the Metropolitan Council moved that application be made for legislation to permit Metro to levy a municipal income tax, a sales tax, a motor vehicles tax, a multiple occupancy tax or a combination of any such taxes. Seemingly the motion represented a sincere effort to improve our system of local revenue raising.

The idea was good. But plainly the problem had not been thought through sufficiently. For one thing, the mover of the motion, a lawyer, should have known that the province was powerless to permit a municipal income tax under the terms of the existing tax agreement with the Government of Canada. For another, the province had already turned down an application by Metro for authority to bring in a multiple occupancy tax. While the remaining tax proposals were not advanced in the face of such immediate obstacles, they too were of the sort that could expect to be challenged. In the circumstances, it was not surprising that the Council decided not to act on them.

In the minds of many citizens of this area, the financing of local government has become one of our central problems. Yet, we may ask, why should the wealthiest metropolis in the country be experiencing difficulty in taxation and revenue-raising? Are the avenues of taxation open to local governments insufficient or somehow unsuitable? Where do the citizens of greater Toronto stand on tax and revenue sources compared with other large centres across the country? Can we learn anything from their experience? If tax changes would help, what hurdles must be cleared to achieve them? From the resources of the Bureau, it should be possible to get at some of the answers.

Existing Tax Sources

Throughout Metropolitan Toronto only two forms of taxation are employed by local governments and they are closely inter-related. One is the ordinary real property tax; the other is the business tax which is calculated from the same real property base. True, licenses and fees, fines, utility rates, transit fares, parking meter charges and local improvement levies bring in sizeable amounts of revenue. None of them, however, are taxes. Moreover, in the Bureau's opinion, none of them should be levied with a tax intent.

The Poll Tax

Over and above the two taxes based on real property, only one other form of tax is at present open to municipalities in this province, namely,

the poll tax. This tax is not very popular. Indeed, for a considerable number of years none of our thirteen municipalities has seen fit to use it.

The origin of our poll tax or head tax is interesting. It goes back to the very early days when communities built their roads by using the materials at hand and requiring the able-bodied men of the community to do the work. In time, those who were unwilling to put in the amount of labour demanded or who found it impractical to do so were allowed to make a cash payment instead. Those who did not contribute through property taxes were required to pay the poll tax. The way this tax began explains why it still applies to men only in spite of petitions to extend the tax to women.

The sensible future for the poll tax, I suggest, lies in one of two directions. On the one hand, it could be accepted as outmoded and dropped altogether. On the other, it could be converted into a "franchise tax" of a modest amount to be paid by every one who wishes the right to vote and who is not himself paying property taxes or the wife or husband of a property taxpayer. Logically, as a franchise tax, it ought to apply to tenants as well as to boarders, roomers and adult members of families living at home. At the same time, since many who would be liable for this tax would be of limited means, it would be quite unfair to rely upon it for very much revenue. In today's terms, the outside limit of the levy should certainly be \$25 or less.

As between the two choices, it should be left to the public to decide which is the better course to follow. The decision could be a uniform one applying throughout the whole of the province or it might remain as an option of each local municipality.

Cross Country Review

Throughout Canada, real property taxes plus some form of business tax on a property base serve as the major source of local revenue-raising in all important urban municipalities. The business tax may be based upon the regular assessed value of real property, as in Ontario, most of the Maritimes and some Quebec cities; on the rental value of business premises, as in Manitoba, Alberta cities, and places like Victoria, Vancouver, Quebec, Montreal and St. John's, Newfoundland; or on the amount of floor space occupied by business as in Saskatchewan and parts of Alberta.

Although the poll tax is not used in Ottawa, Windsor and several other large centres, it is found in the majority of Ontario cities. Across Canada, it is common in the Atlantic provinces, is employed by a few cities in the Province of Quebec and it appears in a couple of Saskatchewan cities but not elsewhere throughout the west.

Over and above the basic categories which are today available to the Toronto area, almost all the remaining taxes employed by urban municipalities in other parts of Canada fall within one of two broad classifications — personal property taxes and consumption taxes.

Personal Property Taxes

Personal property taxes are by no means as popular as they once were; and small wonder. They date from the time when a man's chief wealth was his land, buildings, furnishings and stock in trade and when the only important taxes were property taxes. Throughout the Maritimes, where the personal property tax lingers on, assessors in some areas are still expected to work out the actual value of household belongings, merchandise, fixtures and so forth. The task seems out of all proportion to the amount of money the tax brings in. In some places, a so-called personal property tax has become nothing more than an arbitrary percentage addition to the regular real property tax. If, for example, a man's real property tax were \$200 he might be charged an extra ten per cent (\$20), let us say, as a personal property levy. In such cases, the personal property tax has merely become an excuse for inflating the real property tax under another name. What are known as household and occupancy taxes can usually be identified, broadly speaking, as similar additions to the ordinary real property levy.

Personal property taxes are still found to a limited extent also in Manitoba and Alberta. In the latter province, however, they are in the process of being abolished.

Sufficient has probably been said to indicate that a personal property tax is of little or no interest to municipalities in the Toronto area if, indeed, the province would countenance its re-establishment here.

Motor Vehicles Tax

Another adaptation of the old personal property tax has involved a reduction in the types of personal property to which the tax is now applied. For instance, a considerable number of Quebec and Newfoundland municipalities tax the stock-in-trade of merchants but no other forms of personal property. In the City of Saint John, New Brunswick, the only important item which remains subject to assessment and taxation is motor vehicles. In Fredericton, the present levy is exclusively upon such vehicles.

A commission to investigate the taxation system in Halifax has recently recommended the introduction of a motor vehicles tax in that city. But, in reality, the proposal proves little. In 1943, the City of Halifax froze its residential tax rate and left business properties to bear the entire weight of annual tax increases throughout all the years of inflation. The burden upon business has become intolerable and the city is looking for any reasonable means of extricating itself from its impossible dilemma. Hence, any new form of tax which seems at all practical is worth considering.

A commission on municipal taxation for Winnipeg has also looked into a motor vehicles tax. The position taken by the commissioner in this instance is more cautious. While he regards such a tax as an appropriate form of municipal levy, he is opposed to its immediate adoption for Winnipeg and would favour its introduction there only in the event that a new source of revenue had become clearly necessary or desirable.

Permission to impose a motor vehicles tax of not more than five dollars is also contained in Newfoundland's Local Government Act. How widely this power is used is not known.

For the Toronto area, the problem of bringing in a motor vehicles tax is two-fold. First, vehicle owners are already being taxed quite substantially at the provincial level through the gasoline tax and through the charges being made for motor vehicle licenses. Second, with the scatteration of urban communities and the high degree of mobility of the population, a municipal motor vehicles tax would be difficult to enforce unless the same tax was used by all municipalities throughout a wide area. It is not therefore a likely prospect.

Consumption Taxes

At the municipal level, taxes which we encounter in our capacity as consumers are a relatively recent development. They have become very popular throughout the United States and they now furnish a large and growing proportion of local revenues throughout Canada. Yet so far, Ontario has had no part of them.

Retail Sales: The biggest producer of revenue is the retail sales tax. It is employed by most urban and an increasing number of rural municipalities within the Province of Quebec. In more and more places, a two per cent levy for municipal purposes is combined with a one per cent levy for school purposes. Collections are carried out on behalf of the local authorities by the provincial government which itself imposes a two per cent retail sales tax throughout the whole province.

Amusement: The next most important form of consumption tax is the amusement tax. Throughout the Province of Quebec this tax is levied by the province and the revenues are shared on an agreed basis with the municipalities. Their share amounts to a little over five per cent of the taxable admission prices. In Saskatchewan, the province has bowed out of the amusement tax field in favour of municipalities which wish to use it. Most urban municipalities do. The only other place where the tax is employed municipally is in the Province of Newfoundland. Called an entertainment tax, the levy is now used by most incorporated municipalities.

Water: A further consumption tax of major significance is the tax on water users, found notably in many Quebec municipalities. The levy may be based only partly upon the amount of water consumed. It may replace or supplement the water rates to which we are accustomed. It may be calculated on the rental or the assessed value of property. But whatever its form it is usually expected to yield more than the income required by the waterworks service.

Fuel Tax: Today, virtually all Newfoundland municipalities tax sales of coal, fuel oil or both for consumption within the municipal boundaries. The province prescribes rates of one dollar a ton on coal and one cent a gallon on fuel oil. This levy serves as an alternative way of determining a

person's property stake in the community and of taxing it accordingly. Unfortunately, the weight of taxation varies with the length and severity of each winter season; the taxpayer is hit hardest when his heating cost is heaviest.

Sundry: Several other consumption taxes are found in certain Canadian cities. Winnipeg adds a five per cent tax to the regular electricity or gas bill. Montreal and St. John's place a tax on fire insurance premiums and the same tax is available to other Newfoundland municipalities.

How They Rate: Continuing good times, which have remained with us from the beginning of World War II until quite recently, have influenced our attitude to consumption taxes. When times are good these taxes bring in a lot of money. Although they help to push prices up they have proven a buoyant source of revenue during an inflationary period. Taxes on consumption have become an established and significant local revenue source in Canada in just such times.

Under less favourable economic conditions, the anticipated revenues from consumption taxes could drop off sharply. Canadian municipalities cannot afford these potential losses because the provinces do not permit them to budget for deficits on their current operations and they are not allowed to carry over from year to year deficits that do happen to develop.

Over and above these general objections to consumption taxes are some special problems relating to the individual types of taxes concerned.

In the Province of Quebec, the machinery for the retail sales tax was developed by the province for its own province-wide use. As a result, it was comparatively easy for municipalities to enter the field with provincial consent. They were able to duplicate the province's form of legislation and to rely upon its officials for both collection and enforcement. Even so, it was soon realized that the tax had to be taken up by all municipalities throughout a trading region in order to prevent tax evasion on a large scale.

Judging by Quebec's experience, one might expect a retail sales tax, if it should be introduced in Ontario, to take one of two forms. The province might institute its own retail sales tax and let municipalities add a supplementary tax to it if they chose. Alternatively, the province might prescribe the use of a sales tax by all its municipalities as it now requires them to utilize the real property tax system. Both possibilities seem quite remote.

As a local government levy, the amusement tax has met with much favour on this continent. But conditions do not seem right for its introduction in Ontario. For one thing, the province itself imposes an amusement tax and uses the money to support public hospitals. In this way it reduces the calls upon municipalities to assist these institutions. For another, television is giving the movie theatres which are the mainstay of this tax a decidedly difficult time. With certain cinemas closing and some others fighting for their existence, it seems hardly the time to increase the amusement tax. Nor is it wise to discourage live theatre by adding to its costs when public funds are being spent with quite the opposite objective.

Not long ago a western economist proposed that gasoline taxes should be tried as a new form of local levy; yet the objections to such a scheme must surely be obvious. If a municipal tax on motor vehicles, which is collected once a year, can pose an enforcement problem what about a municipal tax on gasoline purchases? Surely, to be successful it would have to be made uniform throughout a wide area. Moreover, it would not seem in the province's interests to let its municipalities levy gasoline taxes. The Ontario government is already making large grants to municipalities from its own gasoline tax revenues and is spending the remainder on provincial highways. Finally, the pattern of gasoline purchases throughout a province is not generally regarded as a good basis upon which to distribute grants for road construction and maintenance. Hence, as a local levy, the gasoline tax would not yield a fair return to all municipalities in relation to their spending requirements for roads.

Taxes of Other Types

A number of miscellaneous taxes are employed by municipalities throughout Canada. For example, Montreal, St. John's and several other Newfoundland centres tax their citizens according to the number of telephone lines they have; Montreal adds a second smaller charge for extension phones. At least one Newfoundland municipality taxes its water taxis. Some of the unusual municipal taxes are not really new forms of taxes at all. As one illustration, the City of Halifax levies what is called a fire protection tax. Upon examination, however, it turns out to be merely an addition to the real property tax which is earmarked for fire protection purposes. The idea is similar to Metro's two mill levy here in Toronto where the money is set aside to finance capital expenditures out of current revenues.

A good explanation exists for the variety of taxes found throughout Newfoundland. Prior to Confederation with Canada, the property tax was not in use except in the capital. School services were and still are under denominational auspices while such general municipal services as existed were provided in most cases by the province. Strenuous efforts are being made to incorporate local communities and to establish a general system of real property taxes. But the development takes time and miscellaneous revenue sources must be used extensively meanwhile.

Charges With Tax Intent

A utility rate or fare is ordinarily expected to be a charge for services rendered and nothing more. The utility is, of course, expected to break even on its operations or produce a modest profit after making provision for debt retirement and perhaps contributing to reserves for replacement of equipment, rate stabilization and the like. Normally, however, public utilities should not be expected to turn over surpluses to the general municipal treasury, although they should be required to pay the equivalent of the municipal taxation and franchise charges payable by private utilities.

In a number of Canadian cities, utility rates and fares have been deliberately set higher than required to meet the costs of the service in

question. In effect, the municipality is taxing water users, transit riders or the other groups concerned and thereby relieving the property taxpayer of part of the load. The real position is like that of the City of Winnipeg which is openly taxing its electricity and gas consumers. The only difference is that, in the former case, the portion of the rate which is being added as a tax is not so specified.

This practice is most common among municipalities throughout western Canada. For example, the City of Edmonton is now buttressing its general revenues by utility profits amounting to some \$2 million a year. Regina and Calgary also obtain sizable income from this source. It has proven an easy means of revenue raising, particularly in good times. But the approach raises two questions. Should the number of streetcar rides a person takes, the amount of electricity or water he uses in his home or the size of his telephone bill determine a portion of his municipal tax liability? Again, is it fair to hide a tax within a utility rate structure?

Business licenses, too, often amount to taxation under another name. In Saskatoon, for example, some businesses are subjected to a business tax others to a business license, with little to distinguish between them. The size of the license fee in most cases is large enough to leave no doubt that most of the money will go into general revenues leaving only a small remainder to cover regulatory and inspection costs. Here again it becomes difficult to determine what the weight of taxation is and whether or not the distribution of the tax burden which results is equitable.

Limited Choice

In selecting forms of taxation and levies equivalent to taxation, municipalities in Ontario and elsewhere throughout Canada are restricted to the type of taxes or levies which the province chooses to leave open to them. But the provinces in their turn, are limited in their choice of taxes — both for their own use and for use by their municipalities — to the field of direct taxation. Of course they can also authorize local licensing and the imposition of charges for services rendered.

What it all amounts to is that Canadian municipalities in one part of the country or another now use every type of tax which the provinces are at all likely to make available to them. Everywhere, property taxes are expected to provide the major source of local revenue raising. Poll taxes are available as a supplementary but minor source of revenue in most jurisdictions, including Ontario. A tax on motor vehicles has been evolved from the old personal property tax in a few Maritime municipalities, while in Newfoundland it has been brought in recently as a new form of levy. So far, it is not in use elsewhere. The major consumption taxes produce sizable supplementary revenues for municipalities in the provinces of Saskatchewan, Quebec and Newfoundland, and smaller amounts in the City of Winnipeg. There seems no immediate prospect of their introduction into Ontario. Moreover, the real merits of turning to consumption taxes here are doubtful to say the least. Similarly, not much of a case can be made for stepping up utility rates or transit fares to bolster the general treasury of Metro or its area municipalities.

It would look as though Torontonians must manage with their existing local revenue sources. What are the limitations of these present tax sources and can we do anything to improve upon them? A word each in turn about the ordinary real property tax and the present business tax may help to provide the answers.

Real Property Tax

The real property tax is measuring one category of personal or business wealth and making it the base for taxation. To the extent that municipal services convey benefits upon property, the property base makes sense.

Many municipal services do benefit property. They make property more accessible by vehicle or on foot; they drain land and draw off sewage; they maintain boulevards, light streets and surround homes and business establishments with neighbourhood parks. Even the existence of good schools is of some direct advantage to residential properties in the area as a person soon finds if he puts his house up for sale.

Other important municipal services are not beneficial to property as such and may even prove detrimental. A service road in front of a house helps a property but a major traffic artery can make residential living unpleasant for adults and dangerous for children. Again, what we require in the way of education, health, welfare and recreational services depends upon the number of people within a municipality. The need is not directly related to the size or nature of residential holdings. Indeed, where more people are crowded into confined living space, the demands upon such services to persons on a per capita basis are likely to be greater. By contrast, business properties, as such, make little or no call upon services to persons.

The measure of one's local tax responsibility is property value, a form of wealth. The source from which taxes are expected to be paid is income, either personal or business. Because property wealth is neither a complete nor a reliable gauge of income, taxation of real property can be carried to excess long before its demands have become exorbitant in relation to the community's overall income level.

Many of the local services, whose cost is met or shared by municipalities, are intended to be made available to all comers without regard to their means as evidenced either by their property holdings or income. Thus the best way to finance education and public health or welfare services would seem to be by an ability-to-pay form of levy. Income taxes are probably the fairest and the most practical form of ability-to-pay taxes. Indirectly, they are used to pay a goodly proportion of the cost of the very services about which we have been talking. The money comes in the form of provincial grants and payments and the province in turn gets money from the Government of Canada under tax agreements which give the latter substantial control of the income tax field.

Can the real property tax be graduated in some way so that it is converted into an ability-to-pay type of tax? The partial graded exemption which has been in effect in both the City of Toronto and the Town of New

Toronto for many years was intended to work in that direction. But it has proven a clumsy attempt which has added to inequity in many cases. Without knowing a person's income, including investment income, the value of his real property holdings is next to useless as a measure of his overall tax-paying ability. It is not surprising, therefore, that the province has at long last forbidden other municipalities from adopting the scheme of partial graded exemptions. My only regret is that they did not have the courage to wipe out the plan in Toronto and New Toronto. They have, however, eliminated the exemptions for purposes of the Metropolitan levies.

The commission on municipal taxation for Winnipeg was asked to consider the same general question. The commissioner reached the only obvious decision — that the real property tax could not be converted into an ability-to-pay form of tax and that any attempt to work towards that objective would be bound to be discriminatory in its results.

The idea of an additional tax on dwellings with multiple occupancy has been taken up by the City of Edmonton. There, the assessment value of the building is to be shown at fifty per cent of value for single occupancy dwellings and at sixty per cent for other dwellings. The difference is not as great as one might suppose because, for both, the land is to be assessed on the same basis at one hundred per cent of value.

In support of a multiple occupancy tax, we are reminded that occupancy by additional people increases the burden upon the schools, the health department, the welfare services and so forth. But is an extra charge for multiple occupancy the answer to that problem? The only way to recover from taxpayers strictly according to the load they place upon our various educational, health or welfare facilities is to charge fees for all these services. If that is not our objective, why do we want to charge extra for multiple occupancy? On the average, the people who find it necessary to double up are probably less able to stand the weight of additional taxation than those who maintain single occupancy. Taxation inevitably involves redistribution of the cost of services compared with the demands upon such services. It is our means of giving minimum opportunities to all our people. An additional tax for multiple occupancy would seem to represent a direct attack on this principle.

The Business Tax

On the average, residential properties place more demands upon municipal services than the revenues they return in taxation because they are the sole source of required "services to persons". The position of business properties is just the converse. Hence, a municipality which contains more than an average share of business properties stands in a preferred tax position. When to the ordinary real property tax a supplementary business tax is added, such a municipality moves into an even more favoured position.

The best way to eliminate tax hardship in any part of our metropolitan area would be to pool all tax revenues and redistribute them according to the legitimate demands of particular areas for municipal services. Short of that solution, the pooling of revenues from the business tax would be helpful.

It is suggested, therefore, that all business taxes should be credited to the metropolitan treasury and used to reduce its levy upon the various area municipalities.

Actually, the Ontario business tax is not very equitable. The rate structure was devised back in 1904. New rate classifications have been added to cover later developments such as chain store merchandising. But no rate has been altered to take account of changing business conditions. By way of example, wholesalers represent one category which today is plainly being penalized.

Local business taxes are a cost of doing business before calculating profits for income tax purposes. Business concerns must set their prices for goods and services to cover their municipal business taxes. In the long run, the consumer of the goods and services in question becomes the real taxpayer. As a result, even a bad structure of business taxation is accepted eventually with little protest. The tax has been built into the system.

The province is reluctant to change the rates on business taxes because rate changes would penalize some municipalities and favour others. If, however, a system could be developed for pooling and redistributing business tax revenues throughout the metropolitan area and other defined regions within the province, the rate structure could be modified without hardship. The move would also reduce the fierce competition for industry which has become general in a period of explosive urban growth.

Toronto's Problem

The municipalities which make up the Toronto metropolitan area are hard pressed to make the property taxes yield sufficient revenues for their current requirements for a number of reasons. First, we are facing a backlog of necessary spending based upon the inactivity of the depression and war years and the frustrations of divided jurisdiction before the formation of Metro. Secondly, the property tax is a poor levy in times of inflation compared with, say, the income tax. To counteract the effects of inflation, assessments must be raised periodically and mill rates likewise. By contrast, in an inflationary period the personal income tax yields increasing real revenues year by year provided the rate structure and exemptions remain unchanged. The exemptions become worth less while the percentage rates become steeper in relation to the real worth of the income earned. Thirdly, with annual elections, each municipal budget used to be an election year budget with all that that situation implies in the way of political pressures to hold the tax rate down. The two year term reduces the extent of this problem but does not eliminate it.

The system of municipal financing which now exists must, to my way of thinking, be expected to continue in very much its present form. One change has been taking place which will continue. It has become necessary to obtain sizable and increasing support in the form of provincial grants and payments. The province has been recognizing this requirement. But the municipalities have had to become suppliants in order to produce the desired result. Another point concerns municipal assessments. They are

based on property values in the year 1940 and they are hopelessly out of date. A re-assessment on a more realistic basis is called for and it should be followed by periodic revaluations which would keep the level of assessment values close to real present values. Finally, our elected representatives should strive to sell us on the merits of adequate taxation by explaining and promoting the programmes of municipal services which they believe to be essential. We don't so much object to modest tax increases for a good reason as to tax increases without apparent explanation. The Bureau has never been in favour of excessive or wasteful spending. In local government, it has another responsibility, however. It must assist in informing the public on necessary expenditures and it must take a stand against budget slashing which comes under the head of false economy.

One of the responsibilities of the Bureau staff is to offer timely information or advice on civic questions to all who come to us—elected representatives, civic officials, the press, the Bureau's own members and the general public. This can be a most useful service and, on occasion, can yield the inquirer an immediate financial return. I think, for example, of one company which told us that our help in uncovering an inequity in their assessment led in due course to a substantial tax saving. But the more frequent and perhaps the more significant result is to increase public knowledge of civic affairs and to enlist more people in the continuing campaign for better government.

ERIC HARDY
Director

BALANCE SHEET

As at 28th February 1958
(with 1957 figures for purpose of comparison)

	Assets	1958	1957
Current Assets			
Cash	\$ 975.88	\$ 1,634.42	
Accounts receivable	18.00	25.00	
Equipment and Library	\$ 3,616.95		
Less accumulated depreciation	2,883.15		
	<hr/>	<hr/>	
	733.80	787.90	
	<hr/>	<hr/>	
	\$ 1,727.68	\$ 2,447.32	
Current Liabilities	Liabilities		
Accounts payable			
Citizens Research Institute of Canada	\$ 162.96	\$ 100.65	
Other	453.50	287.04	
	<hr/>	<hr/>	
	\$ 616.46	\$ 387.69	
Surplus			
Balance 1st March 1957	\$ 2,059.63		
Excess of expenditure over			
revenue for the year ended			
28th February 1958	948.41		
	<hr/>	<hr/>	
	1,111.22	2,059.63	
	<hr/>	<hr/>	
	\$ 1,727.68	\$ 2,447.32	

STATEMENT OF REVENUE AND EXPENDITURE

For the year ended 28th February 1958
(with 1957 figures for purpose of comparison)

	1958	1957
Revenue		
Subscriptions	\$11,572.00	\$12,765.00
Service revenue	4,663.23	3,945.00
Sundry revenue	111.26	40.50
	<hr/>	<hr/>
	\$16,346.49	\$16,750.50
Expenditure		
Personal services	\$13,182.14	\$11,805.92
Printing and mailing expense	1,279.24	1,043.15
General and office expense	2,654.81	2,487.15
Provision for depreciation	54.10	58.17
Unemployment insurance	31.36	41.74
Bank charges	93.25	84.99
	<hr/>	<hr/>
	\$17,294.90	\$15,521.12
Excess of expenditure over revenue for the year	\$ 948.41	(\$ 1,229.38)

AUDITORS' REPORT

To the Bureau of Municipal Research,
Toronto, Ontario.

We have examined the balance sheet of the Bureau of Municipal Research as at 28th February 1958 and the related statement of revenue and expenditure for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statement of revenue and expenditure present fairly the financial position of the Bureau as at 28th February 1958 and the results of its operations for the year ended on that date.

Dated at Toronto, Ontario,
20th March 1958.

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

Subscribers

The work of the Bureau is maintained through voluntary annual subscriptions from civic-minded corporations and individuals.

More than half the present membership has supported the Bureau for over twenty years; more than one in three for over thirty.

The financial backing of the following subscribers, old and new, is gratefully acknowledged.

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Lloyd Bros.
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Rosco Metal & Roofing Products
Rowley, Phillip
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Salada Tea Co. of Canada Ltd.
Samuel, Son & Co.
Shaw & Begg Ltd.
Shell Oil Co. of Canada Ltd.
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Strathy, Gerard B., Q.C.
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Tamblyn, G., Ltd.
Taylor Instrument Companies of Canada Ltd.
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Tippet-Richardson Ltd.
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