LIBR-00818

# MUNICIPAL FINANCE IN CANADA

A STUDY PREPARED FOR THE

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

BY

H. CARL GOLDENBERG

OTTAWA

1939

# MUNICIPAL FINANCE IN CANADA

## EDITORIAL FOREWORD

H. Carl Goldenberg, barrister-at-law, of the firm of Jacobs, Phillips and Sperber, Montreal, sometime lecturer in economics at McGill University, and economist for the Canadian Federation of Mayors and Municipalities, was retained by the Royal Commission on Dominion-Provincial Relations to make a study of municipal finance in Canada. The Commission asked Mr. Goldenberg to describe the municipal organization in each province and to review the financial position of municipalities as a whole, with particular attention to the new services which municipalities have had to finance under the present distribution of responsibilities.

The method of presentation and any expressions of opinion are solely the responsibility of the author and not of the Commission.

The financial strains and stresses of municipalities have arisen in connection with three major functions which have greatly expanded in importance, viz., education, highways, and public welfare including relief. These functions have grown not only in degree but in kind, and an allocation of responsibilities which was satisfactory in a relatively primitive self-sufficient economy is no longer so in a highly complex, interdependent country. As the economy developed services which were originally of purely local concern became of national interest owing to the development of transportation and manufacturing facilities, of specialized production areas, and of great capital and labour mobility. The responsibility for providing these services, at an approximately uniform rate, remained with units possessing very diverse taxable capacity.

The tax basis of municipalities, with a few comparatively unimportant exceptions, remains real property. The prevailing method of levying property taxation, on an assumed capital value of a property whether income producing or not,

undoubtedly results in serious inequities. When, in addition, this source of revenue is expected to provide for the new social services which the public demand, and which have no direct relationship to real estate values, a situation is created which is both grossly unfair and in times of depression may prove unworkable.

Our municipal finance problems may be classified fairly simply. The most serious individual cases are in one of the following groups, each of which require special consideration:

(a) urban municipalities, economically a part of the metropolitan area, but arbitrarily segregated,

(b) one-industry municipalities in which the one industry has closed down,

(c) municipalities in particularly distressed regions such as the drought area.

But in addition to these special cases (which, incidentally, account for virtually all municipal defaults and financial difficulties in the country with the occasional exception resulting from administrative incompetence), there are certain general problems which require consideration. These are, primarily, on the side of expenditure, municipal responsibility for services and expenditures which are of provincial and national, rather than of purely local, concern, and which consequently result in an inequitable distribution of burdens as between municipalities; and, on the side of revenue, a rigid tax structure which results in an inequitable burden as between individuals. The fundamental criticism of the present system is the inequity which results; measured in terms of debt increase, municipalities as a whole have fared better throughout the depression than senior governments.

The first draft of this study was completed in August, 1938, and after having been circulated to the Dominion and provincial governments for comment, was revised where necessary and put in its present form in the spring of 1939.

CONTENTS


| Part | | Page |
|---|---|---|
| I | Introduction | 1 |
| II | Municipal Institutions | 11 |
| | 1. General Government | 11 |
| | 2. Special districts (excluding schools) | 17 |
| | 3. School Systems | 20 |
| III | Municipal Functions and Expenditures | 26 |
| | 1. Conditions affecting Municipal Functions | 26 |
| | 2. Total Municipal Expenditures | 41 |
| | 3. Expenditures of a purely municipal character | 43 |
| | 4. Streets and Highways | 47 |
| | 5. Education | 51 |
| | 6. Social Services, exclusive of Unemployment Relief | 63 |
| | 7. Unemployment Relief | 67 |
| | 8. Debt Charges | 77 |
| IV | Municipal Revenues | 82 |
| | 1. Nature of Municipal Revenues | 82 |
| | 2. Taxation of Real Property | 87 |
| | 3. Trends in Real Property Assessment and Taxation | 90 |
| | 4. Inadequacy of Municipal Revenues and Defects of Present Municipal Tax Methods and Tax Burdens | 94 |
| V | Conclusion | 102 |
| | Appendix | 105 |

## List of Tables


| Table No. | | Page No. |
|---|---|---|
| 1 | Major Metropolitan Areas in Canada 1931 | 6 |
| 2 | Municipal Institutions in the Canadian Provinces 1936 | 12 |
| 3 | Current Expenditures of Municipalities | 42 |
| 4 | Revenue - Expenditure of 15 Canadian Cities on General Government, Protection to Persons and Property, Health and Sanitation, and Unclassified Expenditures | 46 |
| 5 | Index Numbers of Municipal Expenditures on General Government, Protection to Persons and Property, and "Other" | 46 |
| 6 | Streets and Highways - Municipal and Provincial Current Expenditures and Provincial Revenue from Motor Vehicles | 48 |
| 7 | Index Numbers of Municipal Current Expenditures on Highways, Streets and Bridges | 48 |
| 8 | School Revenue from Provincial Grants and Local Taxation | 52 |
| 9 | Municipal Expenditures on Education in 15 Cities | 53 |
| 10 | Total Teachers' Salaries Paid | 53 |
| 11 | Average Annual Salary per Teacher | 54 |
| 12 | Provincial Grants to Schools | 56 |
| 13 | School Debenture Debt | 62 |
| 14 | Hospitalization Expenditures | 65 |
| 15 | Relief Expenditures | 68 |
| 16 | Provincial - Municipal Sharing of Responsibility for Total Relief Costs (excluding Dominion Share) for the 7 Years 1931-1937 by Provinces | 69 |
| 17 | Concentration of Direct Relief Problem in Urban Areas | 70 |
| 18 | Concentration of Direct Relief in Urban Areas by Provinces | 70 |
| 19 | Direct Relief in Saskatchewan Cities | 72 |
| 20 | City of Montreal: Unemployment Relief Costs and Tax Levy, 1930-7 | 73 |
| 21 | City of Winnipeg: Unemployment Relief Costs and Tax Levy, 1930-7 | 73 |
| 22 | Outstanding Debt of Rural Municipalities in Saskatchewan 1929 and 1936 | 76 |

| Table No. | | Page No. |
|---|---|---|
| 23 | Funded and Floating Debt (combined) of 36 Large Cities and Other Urban Areas excluding Debt of Public Utilities but including Schools | 79 |
| 24 | Funded and Floating Debt (combined) of All Urban Areas with over 2,000 Population excluding Debt of Public Utilities but including Schools | 81 |
| 25 | Municipal Revenues from Taxation Montreal, Toronto, Winnipeg, Vancouver | 86 |
| 26 | Assessed Valuation and Exemptions Nova Scotia, Quebec and Ontario | 89 |
| 27 | Analysis of Exempted Properties in Montreal, Winnipeg and Saskatchewan Cities | 91 |
| 28 | Assessed Value of Taxable Real Property, Index Numbers to the Base 1930 = 100 | 92 |
| 29 | Municipal Revenues All Provinces Combined | 93 |
| 30 | Ratio of Accumulated Tax Arrears to 1 Year's Tax Levy or Receipts 1935 | 93 |
| 31 | Prince Edward Island: Analysis of Expenditure | 106 |
| 32 | Nova Scotia: Analysis of Municipal Payments | 107 |
| 33 | New Brunswick: Analysis of Municipal Disbursements | 108 |
| 34 | Quebec: Analysis of Municipal Expenditure | 109 |
| 35 | Ontario: Analysis of Municipal Expenditure | 110 |
| 36 | Manitoba: Analysis of Municipal Expenditure | 111 |
| 37 | Manitoba: Analysis of Municipal Expenditure | 112 |
| 38 | Saskatchewan: Analysis of Municipal Expenditure | 114 |
| 39 | Alberta: Analysis of Municipal Expenditure | 116 |
| 40 | British Columbia: Analysis of Municipal Expenditure | 118 |
| 41 | Trends in Municipal Tax Levies, Population and Assessment, Prince Edward Island | 119 |
| 42 | Trends in Municipal Tax Levies, Population and Assessment, Nova Scotia | 120 |
| 43 | Trends in Municipal Tax Levies, Population and Assessment, New Brunswick | 121 |
| 44 | Trends in Municipal Tax Levies, Population and Assessment, Quebec | 122 |
| 45 | Trends in Municipal Tax Levies, Population and Assessment, Ontario | 123 |
| 46 | Trends in Municipal Tax Levies, Population and Assessment, Manitoba | 124 |

| Table No. | | Page No. |
|---|---|---|
| 47 | Trends in Municipal Tax Levies, Population and Assessment, Saskatchewan | 125 |
| 48 | Trends in Municipal Tax Levies, Population and Assessment, Alberta | 126 |
| 49 | Trends in Municipal Tax Levies, Population and Assessment, British Columbia | 127 |
| 50 | Percentage Changes in Municipal Tax Levies, Population and Assessment, 1921-1930 | 128 |

# MUNICIPAL FINANCE IN CANADA

## PART I - INTRODUCTION

1. The British North America Act assigns municipal institutions in Canada to the jurisdiction of the provinces. Within each province the nature of these semi-autonomous organs of regional self-government derives in large part from the particular history of the province, but by the same token there is a general pattern of organization arising from the elements of historical development common to the whole country. More obviously, the four western provinces constitute a region in which similarities are more marked than differences; New Brunswick and Nova Scotia constitute another such region from which Prince Edward Island is in some respects differentiated by the necessities of its small area and population; Ontario and Quebec present a number of differences from the other regions and from each other.

In every province there are several different categories of municipal areas, described in greater detail in Part II herein. The various designations such as city, town, village, district, rural municipality, in general represent not a hierarchy of jurisdictions but merely a convenient nomenclature indicative of the size, population and urban or rural character of different governmental units which, each in its own area, is subordinate to no other authority than the province itself, or its agents. A limited exception to this statement appears with respect to the county and its subdivisions in Nova Scotia, New Brunswick, Quebec and Ontario. Throughout the country, municipalities are instruments of local self-government, rather than units in the administrative organization of the provincial government. Necessarily, each receives its constitution and powers from the provincial authority, not from the members of the community comprising the particular municipality, but the exercise of those powers lies with the representatives of and elected by the local inhabitants. The powers in question are, in their broadest classification, markedly similar across the country, and

particularly in urban areas, in each of which police and fire protection, provision of roads and sewage and drainage works, water supply, a measure of control of real estate development, building regulations, public parks, libraries and hospitals, and general health and sanitation measures, are almost entirely matters of local self-government. The field of education requires separate discussion, but in general, while not directly under municipal administration, the schools are governed by autonomous elected bodies whose geographical jurisdiction is very frequently wholly within a single municipality. The similarity in the fundamental basis of municipal finance is discussed in Part IV.

Canadian municipalities are neither organically nor in practice units or agents of the central (provincial) administration, although in a few particular fields of modern governmental activity some tendency in this direction may be discerned. The legal relations between province and municipality, however, are those of superior to inferior; municipalities derive their powers from provincial statutes, and are thus prohibited from actions not authorized expressly or by necessary intendment. In some cases, moreover, a veto over the particular use of an express power has been vested in a government department or separate administrative body created by the legislature to supervise all municipalities, or all of a class of municipalities. This reservation from full autonomy within a given sphere, especially through subordination of the municipalities to a provincial administrative body, is largely a modern development in Canada. The province which creates and endows a municipality necessarily assumes a measure of responsibility for it, responsibility to the inhabitants of that municipality, to the other citizens of the province, and to the outside world. There is a further motive for supervision arising from the community of interest among similar

municipalities and the desirability of maintaining some uniformity of standards of administration and of services. These basic considerations required only a sufficient impetus to be manifested in legal status and actual practice. The grandiose schemes of development and hectic expansion in the West prior to the War, and the financial difficulties of many Canadian municipalities since the War and particularly since 1930, were the chief circumstances giving rise to a noticeable tendency towards supervision and co-ordination of municipal activities by provincially appointed administrative bodies.

2. It is frequently said that municipal government in Canada is in dire straits financially. It should be noted, however, that a number of municipalities cannot be included within this generalization, and that it is a moot point whether, taken as a whole, the financial position of municipalities is worse than that of the provinces. However, there are a large number of municipalities - particularly the larger cities, and rural areas in the Prairie Provinces - where existing means of taxation have been strained to the limit in the effort to keep up with expenditures that are necessary, and in some cases, in spite of such measures, it has not been possible to meet contractual obligations. In many sections municipal functions are not being adequately performed, and have not been for five years or more, while in others, funds for current purposes have to be in part borrowed, instead of raised by current taxation. In a few cases such an expedient may be justified by the previous low level of debt, or by prospects of economic expansion and increasing taxable resources, but in general it is unsound for municipalities to borrow for merely current, as distinct from capital, expenditures, and particularly when the conditions giving rise to the crisis in municipal

finance are for the most part permanent and not transitory, though greatly aggravated by the depression.

These conditions are nationwide, with regional variations in degree of stress. Besides the important factor of the gap between necessary expenditure and available revenue with all the consequences of such a condition, there are wide inequalities between municipalities, differences in the relations of various municipal units to the parent provincial government, and increasing lack of precision in such relationship with respect to municipal government in general, the result being confusion of the whole concept of the place of municipal government in the political and constitutional structure of the country. The complete absence of any ordered attack on the problem is evidenced by the patchwork nature of piece-meal efforts to assist "muddling through" year after year, the continuation unabated of the essential problems, and the growth of special semi-governmental bodies for specific undertakings, independent of the municipality or municipalities in which they operate.

In any democratic state the principle of self-government in local affairs is a major constitutional premise. A measure of central supervision or regulation of local administration need not jeopardize the basic principle. The practical problems are to determine what areas constitute proper units of local government, and what functions of government are to be matters of local autonomy. These two "dimensions" of local government are really interdependent, for, broadly speaking, the greater the constitutional jurisdiction the greater must be the geographical jurisdiction. If the physical dimension remains fixed while the functional dimension expands, undesirable inequalities between citizens of the same state are inevitable, for some units will be much better able than others to finance the new governmental services. On the other hand, expansion of the physical dimension beyond the limits of homogeneity and common benefit from government services will destroy the very basis of <u>local</u> self-government.

3. One of the features of recent municipal history in Canada has been the relative growth of cities and towns. According to the decennial censuses, the proportion of the total population living in urban communities increased continuously from 37% in 1901 to 54% in 1931, a development which was common to all provinces. It is not that there was an actual decline in rural population, except in Prince Edward Island and Nova Scotia and some individual areas in other provinces, but that the combination of the growth of existing urban units, and the incorporation of others, resulted in the greater part of the total increase in population being absorbed by the cities, towns and villages - about 71% for the period 1901-1931. The definition of "urban" varies for the different provinces; a more satisfactory method of analysis reveals that the proportion of persons living in municipalities each of 10,000 or more increased from 28% in 1911 to 37% in 1931; for municipalities of 1,000 or more inhabitants, the increase was from 42% in 1911 to 50% in 1931; the number of such municipalities increased from 396 to 573. This last group absorbed 68% of the increase in the total population of Canada between 1911 and 1931.

4. Urbanization, unaccompanied in general by an actual decline in rural areas, need not necessarily put stress on the municipal structure, although it makes the government of cities a more and more important part of the general municipal problem. A feature of the trend, however, has been the growth of suburban municipalities or "satellite towns" adjacent to larger cities, from which has developed the problem of the metropolitan area. Satellite towns draw their population both from the mother city and from outside. The first process, by the withdrawal of persons both for purposes of residence and of business, weakens the central city, which cannot commensurately reduce its cost of government. The general process of building up politically separate but physically and economically connected municipal units, results in duplication, waste, inefficiency and inequality. Sometimes the suburbs prosper at the expense of the centre; more often all are weakened.

Most of the important municipal debt-defaults in Canada have occurred in the outlying units of metropolitan areas. To prevent further intensification of metropolitan problems, some form of amalgamation would seem to be required coupled with a measure of centralized metropolitan planning, with the sanction of the legislature, to prevent the unjustified development of city environs beyond the needs of the community as a whole.

In 1931 there were in Canada ten major metropolitan areas, each with a population of over 50,000 and containing in all 3,143,855 persons, or 61% of all the population in urban units of over 1,000 inhabitants. Attempts to deal with the problems so created have so far been confined to the establishment of ad hoc metropolitan districts for specific purposes, usually in the nature of provision of a joint public utility enterprise. A number of these are noted in the section on municipal institutions in the various provinces. The existence of a multitude of independent units of a governmental or quasi-governmental character within a single area is not conducive to good government generally (although each such institution may be valuable in itself under existing circumstances) and such a development leaves the root of the problem untouched.

TABLE I. MAJOR METROPOLITAN AREAS IN CANADA, 1931

| | Population of Metropolitan Area | Population of main city | Number of municipal units |
|---|---|---|---|
| Greater Montreal | 1,000,159 | 818,577 | 22 |
| " Toronto | 808,864 | 631,207 | 13 |
| " Vancouver | 308,340 | 246,953 | 7 |
| " Winnipeg | 280,202 | 218,575 | 11 |
| " Ottawa | 175,988 | 126,872 | 7 |
| " Quebec | 166,435 | 130,594 | 11 |
| " Hamilton | 163,710 | 155,547 | 4 |
| " Windsor | 110,385 | 63,108 | 10 |
| " Halifax | 74,161 | 59,275 | 3 |
| " Saint John | 55,611 | 47,514 | 3 |
| 10 Areas | 3,143,855 | 2,498,222 | 91 |

The effect of the centrifugal tendency in question upon the central unit has been described as follows by President Hoover's Committee on Recent Social Trends:

> "When individuals, businesses and industries move out in this way, at the rate which has recently marked these migrations, they leave a partial vacuum. The general effect of this drift, coupled with the more intensive use of land brought about by large structural units, is to hasten the obsolescence of much of the older pattern of the city. This applies to practically every type of institution and service. Every large city is confronted on the one hand with the problem of increasing congestion in certain areas and, on the other, with that of revitalizing its blighted areas.... Land values decline, assessments are lost to the city, transportation problems are aggravated by the fact that residence is further removed from business." (1)

> "The general exodus of the upper economic classes from the inner sections of the city is creating serious problems by lowering land values and depriving the city of taxable wealth....The higher income levels of the city's population seek the more attractive outlying sections; the chain store, the branch bank and the motion picture theatre follow them, and in the intermediate zones, of relatively little use to either the downtown section or the outlying neighbourhoods, a trough in land values is created. Motor transportation and suburban development have accentuated this more or less natural aspect of city growth. Large cities everywhere are becoming keenly aware of the problem of the "blighted area" but little has been done as yet to cope with it. It is a complex problem involving factors of transportation, legal rights to property, power of condemnation, and questions of finance." (2)

5. Common to all units, but much more marked in urban than in rural communities, has been a continual expansion of the functional dimension of municipal government in the past thirty years. The general categories of the new functions had for the most part become established, often quite unobtrusively, by the end of the pre-war period or in the early post-war years. The degree of activity in the new undertakings, however, particularly with respect to the whole broad field of social services, was markedly increased during the 'twenties, and even more under the spur of the great depression. The emphasis in municipal development has come to be less and less on

---

(1) Recent Social Trends in the United States, 1934; pp.494-495.

(2) Ibid., pp.466-467.

regulatory activities in the nature of protection and prevention, and more and more on constructive services such as education, recreation, health services and social welfare. Material and industrial progress, notably the development of the motor car, have necessitated great expansion of other services such as the provision of paved streets and roads. The widespread use of the motor car and truck, has likewise tended to raise an established municipal function from a matter of local concern to a position of wider interest. Finally, the principle of collective action to guarantee the existence, and to some extent the standard of living, of all members of the community, seems to have been accepted as a function of government. The payment of unemployment relief, old age pensions, mothers' allowances, etc., have resulted in the greatest single increase in governmental functions and expenditures, and in Canada the initial burden fell largely on the municipalities. At the same time, the inevitable consequence of a large and rapid increase in the necessary expenditures of municipalities is the creation of disturbingly large inequalities between different geographical areas. Apart altogether from regional differentials in the country as a whole, considerable discrepancies are arising within each province between urban and rural districts, and among municipalities within each category. These inequalities sometimes relate to the standard of services provided, sometimes to the real burden of taxation, and often to both, but they all have the same general cause - the saddling of local governments with responsibilities and expenditures which are unequal in their incidence, having regard to relative financial resources. Such a system is inimical to the existence of any common standard of civilization within a province, to its political unity, and to its best economic development. In other words, many of the

expenditures which municipalities have been required to make - often by provincial legislation, and in any case by the sheer needs of its inhabitants in the absence of effective or adequate provincial action - are essentially province-wide in their nature. The failure to treat them on a province-wide scale as matters of provincial policy and financial responsibility threatens to destroy the very basis of the division between central and local government, and to keep the latter subject in many cases to complete breakdown whenever general or particular economic conditions once more deteriorate.

The following sections of this report are intended to present the chief facts of the situation discussed in the foregoing general remarks. In connection with the financial statistics, it should be noted that it is almost impossible to make valid comparisons between different provinces, particularly with respect to municipal finance. The effect of various and varying geographic, economic and historical factors cannot be accurately weighed. A municipality dependent on a single industry is in a different class from another of the same size but engaged in more diversified economic activities. A prairie city dependent almost entirely upon agricultural conditions cannot be compared with an average industrial city in Ontario or Quebec, nor a pioneer community with a mature one. The greatest obstacle, however, is the dearth of statistics, and the lack of uniformity in those available. In some provinces current and capital items in municipal accounts are not distinguished in so far as their statistical presentation is concerned; in others, statements of aggregate municipal finances combine statements compiled on the accrual basis with others on the cash basis. Generally, also, the failure to present an adequate breakdown and the consequent lumping of large amounts into a "miscellaneous" item is to be condemned. Furthermore,

the available statistics in most of the provinces relate only to very recent years: an historical study of municipal finance in general is therefore almost impossible. While some of the more recent reports of the provincial Departments of Municipal Affairs are more satisfactory, the need for a greater degree of co-ordination and co-operation between provincial and municipal governments with respect to municipal finance statistics remains urgent.

## Part II - Municipal Institutions

A conspectus of the number and variety of municipal units in Canada is presented in Table 2. The following discussion is confined to such aspects of organization and functions of municipalities in each province as differ from the normal for Canada as a whole. The discussion of school systems is left to the end.

### 1. General Government

In Prince Edward Island there are eight incorporated urban municipalities each with its individual charter. The remainder of the province (comprising 77% of the population) is administered directly by the provincial government, except as regards school districts.

Nova Scotia is divided for judicial purposes into 12 counties and 12 districts; there are 24 "municipalities" with the same boundaries as these judicial divisions, and partaking in part of the character of counties in Ontario, and in part of that of rural municipalities in the Prairie Provinces. Such municipalities are not wholly differentiated in function from the cities and towns within their boundaries, there being co-operation, or sharing of costs, with respect to a number of services, including education, certain health services, and the maintenance of public buildings and institutions such as court-houses, jails, poor-houses and mental homes. Within each "municipality" there are also units called villages with very limited powers and not otherwise differentiated from the larger unit. A feature of municipal government in Nova Scotia is the provision that all by-laws require the approval of, and may be revoked by, the Minister of Municipal Affairs, or in the case of the City of Halifax, the Executive Council of the province.

TABLE 2.

Municipal Institutions in the Canadian Provinces, 1936.

| Provinces | Counties | Cities | Towns | Villages | Rural Municipalities | School Districts | Population | % of Population in Urban Units of 1,000 or more inhabitants (1931 census) |
|---|---|---|---|---|---|---|---|---|
| Prince Edward Island (a) | 0 | 1 | 7 | 0 | see text | 474 | 92,000 | 19.5 |
| Nova Scotia | 24 (f) | 2 | 43 | see text | " " | 1,800 | 537,000 | 43.5 |
| New Brunswick | 15 (b) | 3 | 20 | 2 | " " | 1,498 | 435,000 | 31.1 |
| Quebec | 76 (b) | 26 | 102 | 305 | 1,031 | 1,859 | 3,096,000 | 58.6 |
| Ontario | 43 (b) | 27 | 145 | 156 | 571 (c) | 6,663 | 3,690,000 | 58.7 |
| Manitoba | 0 | 4 | 30 | 22 | 117 | 2,270 | 711,000 | 42.1 |
| Saskatchewan | 0 | 8 | 81 | 382 | 302 | 4,905 | 931,000 | 20.3 |
| Alberta | 0 | 7 | 52 | 146 | 161 (d) | 3,771 | 772,000 | 31.1 |
| British Columbia (b) | 0 | 33 | | 19 | see text | 886 | 750,000 | 55.5 |
| Total, 9 Provinces | 158 | 111 | 480 | 1,032 | 2,182 | 24,126 | 11,014,000 | 49.8 |

(a) All of the area outside the incorporated urban units is administered directly by the provincial government, except in respect of school districts.

(b) See text.

(c) Called "townships"; 27 are suburban or semi-urban.

(d) Called "municipal districts".

(f) Strictly 18 counties, and 6 municipal districts. In some cases the 24 areas are referred to as municipalities, and are considered rural organizations as distinct from cities and towns.

The entire area of New Brunswick is likewise divided into counties, both for judicial and municipal purposes, and each is completely sub-divided into parishes which in turn contain incorporated cities, towns, and villages. The parishes are not corporate units but county sub-divisions for administrative and electoral purposes. The cities of Saint John and Moncton legally form part of the counties in which they are situated, but Fredericton does not. Towns organized under the general statute, the Towns Incorporation Act, are represented on the council of their county, while some older towns acquired separate status by their special acts of incorporation.

The county in Quebec is likewise a judicial district, maintaining registry offices and judicial buildings, the cost of which is shared by the various municipalities composing the county. Its municipal functions are confined to control of such roads, bridges, and watercourses as extend beyond the boundaries of a single municipality.

The counties and their subdivisions, including a number of the older towns, are governed by the Municipal Code. Other towns, and all cities, received their corporate status and municipal powers either by individual charter or under the Cities and Towns Act; the latter is a general statute which also applies in some respects to chartered cities and towns. The cities, towns, villages and rural municipalities, rather than the county, are the true municipal units and possess and exercise the normal municipal functions and powers.

In Quebec the Roman Catholic parish is a civil institution for certain purposes. Upon establishment by the ecclesiastical authorities, and upon petition of a majority of the freeholder inhabitants, it is accorded civil recognition by proclamation of the Lieutenant-Governor. The civil status is of importance chiefly in connection with the

building of parish churches, chapels and parsonage houses, and the establishment of cemeteries. Upon the issue of a decree for any such purpose by the ecclesiastical authorities, a majority of the freeholders may petition that a meeting of inhabitants be called to elect trustees to carry out the decree. The meeting is authorized by commissioners appointed for each diocese under the Parish and Fabrique Act. The trustees constitute a corporation and, when authorized by the commissioners, have taxing and borrowing powers, for the purposes mentioned, of a municipal character, subject always to obtaining the approval of the commissioners. Assessments affect only persons professing the Roman Catholic religion.

The "assessment" is a levy to meet the full cost of the construction or repairs in question, and is usually payable in a number of annual instalments. With the approval of the majority of freeholders present at a meeting called for the purpose, the trustees may borrow for the purposes of the assessment, and may transfer to the lender all rights of the trustees such as the lien on land in the parish for payment of the assessment, which takes priority over all other charges, or the trustees may issue bonds or debentures.

A church, chapel, parsonage house, and so forth, may be constructed by the parish authorities without the imposition of a tax, that is, with its own funds. In such case, the procedure is much simplified: resolution of the Fabrique (parish priest and elected church-wardens constituting the governing body of the parish) approved at a meeting of the Roman Catholic householders, (except in parishes where such meetings are not required by law) and by the bishop of the diocese.

A "Fabrique", by following the same procedure (resolution of the "Fabrique" and householders approved by the bishop) may also borrow on the security of its immovables, or without giving such security. The loan may be contracted by issuing annuity or straight term bonds; by notarial deeds

or notes signed by the "Fabrique" in favour of an Episcopal Corporation.

It is thus only when a tax is to be imposed that the parish, or rather the trustees as a corporate body, assumes a quasi-municipal character.

The provincial government administers directly four territories not organized for municipal purposes.

The province of Ontario is divided by statute into 11 districts and 43 counties. The districts are all in the newly-settled or unsettled northern areas, exist for provincial purposes only, and are not municipal units. Within their boundaries, however, are a number of municipalities of the conventional type. The counties are judicial units, and also, to a greater extent than in the provinces already discussed, organs of municipal government constituting, taking into account several consolidations, 38 municipal units. All cities and seven "separated towns" are entirely distinct from the counties in which they lie; all other towns, villages and townships within a county form part of it for county purposes, but for more local purposes each has a separate existence. The designations reflect chiefly the size, or density of population, the least urban unit being the township, but some townships adjacent to growing cities and towns have become partly or completely urban in character and, while remaining townships, have been given special powers analogous to those of urban rather than rural units.

As a general rule, all municipal units are incorporated under and governed by the general statute, the municipal act, which confers on each type specified powers of the usual kind and a general power to make regulations for the health, safety, morality and welfare of the inhabitants. The county's functions relate to main highways and bridges, the administration of justice, certain social services such as

the provision of homes for neglected children and indigent persons, and secondary education. Maintenance of a county police force is optional.

A city may enter into an agreement with the county for a provision of a poorhouse. Other provisions exist for the establishment of further joint services, with or without provincial participation.

In each of the Prairie Provinces the county either never existed or has been abolished. All municipal units are equal in status, though not in powers, and mutually exclusive in area. Unorganized territory in Saskatchewan is divided into Local Improvement districts, and in Alberta into Improvement Districts, which are administered and taxed for local purposes by the provincial government.

An interesting provision in Alberta permits any municipal district (i.e. rural municipality), with the approval of its electors and of the Minister of Municipal Affairs, to enter into an agreement with another municipal district for the collective discharge of their functions.

Less than one-half of 1% of the total area of British Columbia is organized for purposes of local government. This arises from geographic and topographic factors and from the distribution of the population in the province. Nevertheless, the organized portions (cities, districts, and villages) contain more than 75% of the total population. As in the Prairie Provinces, the county does not exist. The district or township municipality is nominally a less urbanized unit than the city or town municipality, but in some cases the distinction is no longer apparent in fact.

British Columbia municipalities are required by the province to maintain certain minimum standards in the performance of some of the normal municipal functions, and are subject to other provincially-imposed responsibilities

usually in the nature of a financial contribution to provincial services within or in respect of each municipality. (The financial relations of each province with its municipalities are discussed in Parts III and IV).

2. Special districts (excluding schools)

A feature of Canadian municipal organization is the growing number of what may be called special districts, quasi-governmental units organized usually for a single function. Their boundaries sometimes coincide with those of the ordinary municipal units, sometimes are smaller, and sometimes include several municipalities, or parts of municipalities; in each case, by their existence they derogate from what would otherwise be the functions of the municipalities in question. (Reference is not intended here to urban transportation and hydro-electric systems which are frequently given an apparently individual existence but are more or less directly controlled by the municipal council). At the same time, the municipality or municipalities concerned are frequently made responsible for the finances of such districts.

Thus, in Nova Scotia the counties are sub-divided into poor districts, health districts, and fire districts, in varying degree independent of the municipal councils but receiving a share of municipally-raised revenue or special rates. Within each county in New Brunswick there are highway divisions the ratepayers of which meet annually to vote money for opening winter roads and to deal with road taxes; a second type is the hydro-electric district. In both cases only rural areas are affected; in urban units roads come under the municipal council, which also has power to contract with the provincial Hydro-Electric Commission for a supply of electricity and set up a distributing system.

In Quebec, under the Health Units Act, a county or group of counties may petition the provincial executive for the establishment therein of "county health units", the county

to meet one half of the budget by imposing a tax on assessable property. Cities and towns may transfer their health functions to such units and contribute towards their maintenance on the same basis as the county. Such transfer may be made obligatory by the provincial executive.

A beginning has also been made in connection with the problem of the metropolitan area through the creation of the Montreal Metropolitan Commission with powers of control over the borrowings of eleven of the twelve contiguous municipalities on the island of Montreal, the City of Montreal being the exception. The Catholic and Protestant central school boards for the same area are a further illustration.

In Manitoba, two important institutions also arose out of the familiar problem of the metropolitan area. The cities of Winnipeg and St. Boniface and five adjacent rural (but for these purposes designated "suburban") municipalities have been grouped in the Greater Winnipeg Water District, which supplies water in bulk to the separate municipal waterworks systems, and in the Greater Winnipeg Sanitary District which owns and operates the joint sewage disposal plant and trunk sewer system. The debt charges of the former are met by a levy on all land, excluding improvements, the municipalities acting as tax collectors, while the costs of the second institution are charged to each municipality in the ratio of its sewage volume.

In direct contrast, two types of decentralized administration within individual municipalities in Manitoba appear in the Public Parks Boards, which determine their own finances, and, subject to a maximum rate, have a claim upon the municipality for the sum required, except in Winnipeg where the city council may reduce the amount; and the "Local Improvement District" which may be set up in a rural

municipality or incorporated village to take charge of the provision of certain local improvements within the district.

Hospital districts, which may comprise several municipalities, are provided for in the municipal act. The hospital board requisitions each municipality for its share of the capital and maintenance expenses, to be raised by a levy on assessable property. A maximum rate is fixed by law.

In Saskatchewan there are also a number of quasi-municipal units. Rural telephone systems may be incorporated by the government upon the petition of citizens in rural areas; there may be several such systems within one municipality. So long as there are debentures outstanding, the directors of each company make a levy of a flat sum per acre on all land adjacent to telephone lines, for the purpose of meeting debt charges; the municipality is required to act as tax-collector and is responsible to the company for arrears of taxes. The Saskatchewan Municipal Hail Insurance Association is a statutory body in the nature of a federation of such rural municipalities (now over one-half of the total) as by popular vote decide to enter the Association. The hail insurance so provided is financed through a tax of 4cents per acre, plus such additional tax as the directors of the Association fix annually according to the hail-experience of each area, upon all land in each member-municipality. The latter acts as tax-collector and is responsible to the Association for the required sum. There are also hospital districts similar to those in Manitoba. A further form of organization is the drainage district, established upon petition of land-owners with the approval of the government. The drainage district is really an organ of the provincial administration, the Department of Highways constructing the necessary works and determining the taxes to be levied against the land affected and collected by the municipality concerned for payment to the Department.

Quasi-municipal units in Alberta are very similar to those in Saskatchewan. There are hospital districts; a Hail Insurance District (comprising all "municipal districts", i.e. rural municipalities); rural telephone areas; and drainage and irrigation districts.

In British Columbia, joint arrangements exist for supplying water to the cities of Vancouver and Victoria and their environs through the Greater Vancouver Water District and the Greater Victoria Water District, respectively.

3. School Systems

The most localized governmental function in Canada is the provision of education through publicly-controlled schools. For that reason, inequalities are likely to be greater, and the case for a greater measure of co-ordination and/or of provincial financial responsibility is stronger, than in any other field.

In each province, except Quebec, as described below, the legislature or the government regulates the general scheme of public education, and usually prescribes the curricula, textbooks, and qualifications of teachers, as well as exercising supervision over schools and teachers through provincial inspectors of schools. But local administration, finance, the provision of school buildings and equipment, the selection of teachers and the determination of teachers' salaries are left to the elected boards of trustees of local school districts, which districts are, in rural areas, much smaller than the municipal unit, as is evident from Table 2. Details of and exceptions to these general statements (except with regard to finance, for which see Parts III and IV), are mentioned below.

The Department of Education is the permanent central body in charge of public education in each of the provinces, and, except in Quebec, the department is under the direction of the provincial government. In Quebec there is a Council of Education, divided into a Roman Catholic Committee and a Protestant Committee, each with jurisdiction over schools for its

religious group. Most of the members of the Council are appointed by the government.

In every province there is local management of schools by school boards which are separate entities, independent in general both of the municipal governments and of the provincial government. In most provinces the school trustees, or commissioners, are elected by vote of the inhabitants or rate-payers of the area affected. School boards in the cities and incorporated towns of the Maritime Provinces, and in the cities of Montreal and Quebec, however, are appointed, in part by the government and in part by the city or town council. In the high school districts of Ontario the trustees are appointed by the municipal council; in some cases each Public and Separate School Board in the high school district also has the right to appoint a member of the high school board.

Both elementary and secondary education within a given area comes under a single local authority, except in Saskatchewan and Ontario. In the former, about 20 of the larger cities and towns have both elementary and high school boards. In Ontario every high school district has a school board distinct from the elementary school boards, except where there are Boards of Education, discussed below.

A cross-classification exists in the institution of separate schools in Quebec, Ontario, Saskatchewan and Alberta. These are simply public schools with school boards elected and supported by inhabitants of the school district in question who declare they belong to the minority religious group, and who are thereby debarred from voting and exempt from local taxation with respect to schools for the other denomination. In Quebec the predominant religious group in each school municipality controls the public school, and the minority, or minorities, whether Catholic or Protestant, if they so choose, form a dissentient group with a separate school. There can be only one group of dissentients, comprising all minority

religions, not a separate group for each religious denomination. Dissentients in two neighbouring school municipalities may unite to form one separate school municipality. Outside the cities of Montreal and Quebec separate schools come into existence only as dissentient minorities declare their dissent, but in these two cities a dual school system has existed from the beginning, and the distinction is not between majority and minority schools but expressly between Roman Catholic and Protestant schools. In the province of Quebec and in a few cases in Alberta there is duality with respect to both elementary and secondary schools, but in Ontario, Saskatchewan and most of Alberta it is confined to elementary schools.

In all provinces, there is, in almost all cases, a school district for each city, town and village. The school unit is thus the same as the urban municipal unit, though with a separate governing authority. In rural areas, however, there are in most cases a number of school districts within each municipality, and a rural school unit may comprise parts of two or more municipalities. The determining conditions usually are that the area has enough children to make a school (the requirement in this regard varies from province to province) and is small enough for all the children to reach the school on foot. But there is not merely a school building for each such area, but also a separate administration. Such is the strength of the idea of localization of school administration that even in territory unorganized for all other municipal purposes, rural school districts of the usual autonomous type are established by the provincial government, notably in Ontario and British Columbia. In Quebec, however, there is in general only one "school municipality" in each township (rural municipality).

The modern trend is towards greater co-ordination and consolidation of administration, finance, and even of school buildings. The basis of rural education was, and still is to a large extent, the one-room schoolhouse. Consolidation of school

buildings is thus a means to better teaching and improved facilities, but it necessitates the provision of transportation for pupils, a consideration which sometimes prevents physical consolidation. Amalgamation of school districts for administrative purposes, however, often proceeds without changing the actual schools, and has the merit of providing equal educational opportunities for all pupils in the consolidated area and redistribution of costs on the basis of ability to pay - or at least, on the basis of relative land values.

All provincial Schools Acts make provision for consolidation of two or more rural school areas, or of rural schools and a town or village school, usually at the option of the individual units concerned. The provision of secondary education, of course, is the most obvious field for co-operation, and in some provinces there are special provisions relating to high schools, in addition to the provisions for consolidation generally. In Nova Scotia, five or more school sections may federate for high school purposes. In New Brunswick the law provides for one high school in each county and superior schools teaching secondary grades for every 4,000 inhabitants. In Ontario, high school districts (outside cities and "separated towns") are created by the county councils and administered by high school boards.

High schools are a specialized problem, however, and the chief objective is to improve efficiency, reduce costs, and promote equalization, by consolidation of administrative units generally, and of school buildings. There have been over 100 consolidations in Manitoba, nearly 200 in Alberta, 40 in Saskatchewan, 40 in Quebec, 30 in Ontario, and smaller numbers in the remaining provinces. Among the various types of enabling or compulsory legislation for consolidation, those of Ontario, the Prairie Provinces and British Columbia, go the farthest.

In Ontario, since 1932, a township as a whole, or any part thereof, may be made the unit. There is likewise provision whereby a municipal council, including a county council, may establish a Board of Education for any high school district, with the approval of the electors, and any such board supersedes both the high school board and all public elementary school boards in the district. In Quebec the problem is not present to the same degree, since there is in general but one "school municipality" for each township or rural municipality. Moreover, there has been a considerable degree of co-ordination of school administration on the island of Montreal. Financial difficulties led to a reorganization whereby a single Catholic School Commission was established in 1921; a Protestant Central School Board was created in 1925, with jurisdiction extending over 11 local Protestant boards which, however, continue to exist chiefly for school management purposes.

In Manitoba the rural municipality has power to increase the size of school districts, and may make a single district for the whole municipality. Only one such rural municipal district existed until 1936; in that year 7 more were created, in addition to a unit of 11 rural districts in unorganized territory. There have also been a number of smaller consolidations. (Within each municipality, moreover, there is a large measure of financial equalization - see Part III). In Alberta, legislation of 1935 empowers the Minister of Education to direct that any two or more districts be united into a "division" under a joint board. This applies to rural districts; others may be added if they consent. By January 1937 a total of 744 schools had been combined into 11 divisions, and a further 11 divisions were in process of organization. Two units of a similar nature have been organized in British Columbia including one comprising 65 schools districts in the Peace River area.

Consolidation continues to be a major objective of teachers and educational authorities in all provinces. The need will be accentuated now that the number of pupils is beginning to decline with the continued fall in birth-rates. With respect to rural schools, the problem of providing adequate educational facilities, particularly with respect to special subjects and the entire field of secondary education is very difficult under existing circumstances. In addition to a new financial system for education with the provinces assuming a much greater share of the cost than hitherto, continued emphasis on co-ordination and enlarged administrative units is an obvious necessity.

## PART III Municipal Functions and Expenditures

### 1. Conditions affecting Municipal Functions.

It is necessary to emphasize the changes which developments in the last fifty years, and especially the past twenty years, have wrought in the functions of municipalities and in the ability of municipalities, as distinct local entities, to perform and finance these functions. Briefly, there has been a steady increase in the performance of new economic functions and in the cost of activities made necessary by economic conditions, while the local political unit was becoming less and less an economic unit. These contrary tendencies, each moving with increasing rapidity, have necessarily destroyed the old equilibrium between localized government and the scope and nature of its operations.

In the middle of the nineteenth century Canadian municipalities were, much more than now, the local units in the economy: they were more on a subsistence, and therefore self-sufficient basis, and the functions of municipal governments were local in the most direct sense of the term, arising in each case out of the particular circumstances and desires of each community. Municipal boundaries were more realistic - each town was a clearly recognizable entity, and rural areas were also for the most part separate and distinct regions, each with a highly developed local character. Trade was chiefly between the town and its rural hinterland. Industrial activity was not great and mass production unknown. Industry was dispersed, and within each community small factories, mills and home handicraft provided most non-agricultural goods. There was a frontier to be pushed out by the discontented or those unable to prosper, as prosperity was then known, in their original area. Occupations required little training or education, and training for one was adequate equipment for many others.

Both the local consciousness and the absence of marked economic differentiation or interdependence between local areas, as well as the relative simplicity of the whole economy, were conducive to the concept of a separate local government for each area: each looked after its own affairs and was not greatly interested in or affected by the affairs of others. Education, roads, administration of justice, care of the poor, elementary sanitary measures in towns, and the provision of a few communal facilities were, in such conditions, the natural functions of local government, were capable of being completely decentralized, and were more or less within the aapacity of every local unit to provide; and in any case, if inequalities existed, they were simply the result of differences in the ability and ambition and good fortune of the local inhabitants and their stage of development from pioneer days. Such inequalities were of little concern to the province as a whole because the services in which they existed were not understood as affecting the interests of the province, and in fact did not do so but were, to a very large extent, of purely local effect.

With the extension of settlement, boundaries between local units became less real, but for purposes of local organization they were not inappropriate prior to the advent of the motor car. The maximum area was necessarily that traversable by horse in a single day, and it did not matter if boundaries were in fact arbitrary lines drawn in accordance with the system of land-surveying, as in the case of some Ontario townships, and of many rural municipalities of the Prairie Provinces. The primary economic functions of government were land settlement and development and the encouragement of industry, both of which were undertaken by the senior governments of province and Dominion. Social services and economic activities played a small part in municipal government, but could in those days have been considerably extended without putting strain on the municipal structure. The neighbourhood was both the political

and economic unit, and was capable of taking care of its own affairs.

The neighbourhood, the local area in which each inhabitant knows a large number of the others and is conscious of a considerable community of interest with them, must always remain the unit of local government, outside of large cities, but economic and social conditions have so changed that the number of matters of peculiarly local concern is restricted, whereas the field of governmental activities is widening; and new functions of government cannot be efficiently or fairly divided among a large number of small areas, and some of the old functions have become inappropriate to the municipal sphere.

The great expansion in foreign, interprovincial and inter-municipal trade, and the accompanying increase in economic specialization even by municipalities, have made the economic welfare of one unit dependent on that of others, to say nothing of the outside world. An entire city may be devoted to the production of motor cars, a whole rural municipality to one type of agriculture, whether it be tobacco, fruit, wheat or livestock. Over much of the country each unit is producing primarily for "export" to other units if not abroad, and imports from others most of its requirements.

The development and widespread use of the motor vehicle have created a need for expensive highways, have enlarged the physical horizon, and have encouraged population movements both transient and permanent. All these factors have influenced trade, relative municipal development, economic differentiation, and the size of the area which can be described as suitable for local government. The trend of land values has in many cases been abruptly altered by the advent of the motor car; the development of cities at the expense of nearby towns and of suburbs at the expense of cities vitally affect municipal finance.

Industrialization, the greater complexity of all forms of economic activity, and advancing standards of every description, require a citizenry with the best and most universal possible education. New knowledge with respect to the value of public health services, the social cost of disease and crime and poverty, have increased the interest and activity of the state in matters of health and public welfare, working and living conditions and wage levels.

Such social and economic changes necessarily affect the nature and scope of municipal government and central government alike. The general tendency to leave the responsibility for conditions within its own area to each municipality, both administratively and, which is more serious, financially, and to require new functions of government relating to economic conditions to be undertaken primarily by local government areas whose boundaries are less and less those of balanced economic communities, has created many difficulties and anomalies in the municipal structure. These may be classified under three heads.

In the first place, many local government areas are no longer the appropriate size for governmental purposes of any description. This is particularly true of large cities, and of many rural municipalities in the Prairie Provinces. The case of the metropolitan area has already been mentioned. Many people in such areas work in one municipality and live and pay taxes in another. The idea of the municipality as a community of neighbours has been, necessarily, lost in any case in large cities, and the required standard is that of efficiency, which cannot be achieved when five or ten separate governments operate in a single integrated urban area among people who are economically interdependent, nor can the maximum economic welfare of the whole be expected from a number of widely varying tax-rates, standards of education and health measures and the like. Likewise in rural areas the motor car, if nothing else, has rendered obsolete

old municipal boundaries based primarily on the cruising radius of the horse. The motor car has in fact extended the possible physical area of rural municipalities beyond the maximum desirable from the point of view of maintaining the identity of the neighbourhood. The boundary of a "neighbourhood" now depends not on distance but on the other factor, always important, the number of inhabitants. Particularly in western Canada, where the density of settlement is so small, municipal areas require extension for purposes of efficiency and economy, and this can now be done without sacrificing the local character of municipal government.

Secondly, even with adjustment of areas, modern conditions render desirable a large measure of co-ordination between municipalities, in their own interests, with respect to a number of their functions. The police department of one town must take cognizance of a crime committed in another fifty miles away within an hour of its occurrence. With the large and continual movement of people from one area to another maintenance of health services in one municipality is vitally affected by conditions in another. Particularly in rural areas the support of hospitals and other necessary institutions up to modern standards is a matter of co-operation.

Thirdly, in the case of a number of governmental functions requiring large expenditures, some of which were originally purely matters of local concern and therefore the subject of municipal responsibility, and others of fairly modern origin or at least development, the paramount interest of the province conflicts with the existing system of requiring the separate municipalities to find the necessary moneys, and results in unfair inequalities between municipalities, in failure to maintain uniformly the desirable provincial standards, and in severe strain on the finances of many municipal governments. Modern economic conditions have tended to increase

the always existing differences between municipalities in wealth and tax-paying capacity, and likewise in the expenditures necessary to fulfil certain functions, and very often, by accident or by direct interaction, the poorest municipalities require the greatest expenditures on the services in question. So far as such expenditures are actually forced on the municipality by provincial legislation as in the case of some hospital aid and child welfare statutes, the situation is obviously inequitable. The same applies in a case such as unemployment where the degree of expenditure is affected by provincial or nation-wide conditions, perhaps even as a direct result of provincial or federal policy; the municipality is unable to control the amount of the expenditures which it is forced to bear, and its capacity to pay is restricted by the same conditions which render the expenditures necessary.

With respect to matters of admittedly local concern it is obvious that wealthier municipalities always will be able to supply their inhabitants with better services than the poorer ones. But it is equally obvious that great inequality among municipalities is inimical to the maintenance of any uniform or minimum provincial standard. In short, matters of more than local interest not only ought not but cannot be left to a major degree in the field of municipal government: to the degree that they remain a municipal obligation the interests of the province as a whole are injured by the sheer inability of some municipalities to raise the same revenue as others in proportion to population and the amount of expenditure required, not to mention the obstacles to provincial uniformity arising from the deliberate adoption by a municipality of a lower standard than that desired as a matter of provincial policy.

The variation in financial resources among municipalities is tremendous, and there are further amazing inequalities between school districts within a single municipality. On the subject of educational finance the brief of The Canadian Teachers' Federation

to the Commission maintains that "even greater inequalities exist within each province" than those between provinces (page 10). A striking table on page 8 of the brief of The Ontario Teachers' Council illustrates the variations between school sections in a single Ontario township; among other things, the school section levy varies from 1 mill in one section to 4 mills in another. Between counties, the equalized assessment per classroom in 1936 varied from an average of $17,574 to $293,000, or a proportion of 1 to 17. The brief of the Saskatchewan Teachers' Federation refers, on page 17, to the report of a committee appointed by the provincial government in 1932, where it is stated that within a single rural municipality, "the assessed valuation in one district is $3,699 per pupil and in another district $39,113 per pupil", and that one municipality as a whole had an assessed valuation of $16,429 per pupil as compared with another where the figure was $2,669. These probably represent extreme cases, but there is a high degree of deviation from average conditions. Figures of a somewhat different type, for Quebec and New Brunswick only, are given in the 1934 Annual Survey of Education in Canada (p.XV). School tax rates (mills per dollar of assessed valuation) in Quebec showed a mean deviation of 48% from the average rate, in New Brunswick the mean deviation was 40%. The figures indicate that one-half of the school districts had average rates from 2 to 3 times as great as the average rates of the other half, and the upper quarter from 3 to 4 times the rates of the lower quarter. Such variations affect not merely education but the whole field of municipal expenditures. To expect any degree of uniformity or equality of services in such circumstances is impossible, yet there are a number of activities where uniformity and equality, or at least the universal maintenance of some minimum standard, is of urgent importance to the province and the nation. In the circumstance, this can only be achieved by a wide extension of equalizing grants by the central

governments, or by a re-definition of municipal functions.

One of these activities is the construction and maintenance of highways, although here provincial authorities have already gone farther than in any other sphere formerly regarded as essentially local in its nature. The motor car and the conditions of modern life have raised a number of problems affecting municipal-provincial financial relations with respect to highways. Roads have always been a communal matter, and in earlier times they were in very large part appropriate to local government. Commutation of the early "statute labour", under which each inhabitant had contributed his services towards the supplying of a common need which it was impossible for each individual to provide for himself, was one of the first forms of local government taxation. In the absence of extensive communication between different areas, the provision of roads (with the notable exception of "colonization" or "development" roads) was a local matter, each community providing according to its ability for what were predominantly its own needs and its own use, financed by taxation of those benefited, its own inhabitants. With modern economic developments, however, and particularly since the universal adoption of the motor vehicle as the primary conveyance of persons and an increasingly important means of transporting goods, the situation has been entirely altered, and there has been a steady increase in the assumption of responsibility by the provincial administrations. The desire of urban dwellers to motor in and through other parts of the province, the economies of truck transportation, and the economic importance of tourist traffic to the province as a whole, have combined to make provincial action more obviously necessary and more easily obtained in the case of highways than of education. The situation is complicated by the inability of the municipality to tax the users of roads other than their own inhabitants, who may be only a small proportion of the total, but the revenue question has also facilitated provincial action, for the entire income of all

inhabitants of some municipalities would not be as great as the cost of a paved highway traversing them as part of a provincial highway system.

It is clear that except through the method of universal toll roads there is no way in which municipalities can tax actual users of their roads, who may come from all parts of the province and outside, and even taxation of their own inhabitants, in their capacity of motorists rather than of property owners, is prevented by provincial monopolization of the taxation of gasoline and motor vehicles. Rural municipalities thus have a case for relief from responsibility (financial or otherwise) for any but purely local, subsidiary roads. A survey of the division of responsibility for roads is given in section 3 of this part.

Cities have a special problem in that the province derives a considerable revenue from the taxation of taxicabs, delivery trucks and other vehicles which are rarely if ever on a provincial highway and are responsible for much of the wear and tear on city streets, which must be maintained solely at the expense of the municipality. On the other hand, provincial expenditures on highways in rural areas bring trade to the cities by rendering motor transport easier and cheaper; the direct benefits of the tourist trade accrue chiefly to the larger urban units; and the main trunk highways, which are the most expensive to construct, are primarily arteries of inter-urban traffic.

The modern highway and the motor vehicle have created other problems in connection with municipalities. On the one hand, smaller towns within a radius of fifty miles of a large city have been deprived of much of the local and country trade which had been of great importance to their entire economy and municipal finances. To require such a municipality, out of exclusively municipal funds, to bear a direct share of the cost of a highway conducing to such a result, is to add insult to injury.

On the other hand, the growth of urban areas has been in large part of a dispersive character; the paved road and the motor-car encourage the development of far-flung "dormitory" suburbs, whose increasing population require more and better roads. Expenditure even on municipal streets is much more expensive by reason of the superior road-surface now required, the widening of existing streets for the creation of arterial roads, and so forth. A subsidiary problem of some local importance arises from the old practice, often compulsory under the city's charter, of charging part or all of such cost against the owners of street frontage, whose property has probably been depreciated in value by the through street and who in any case are not the real beneficiaries of the local "improvement".

A field in which modern conditions are both increasing the importance of a largely municipal service to the province as a whole, and, by raising the necessary standard, are tending to increase the relative inequalities between local government areas, is that of public education. Here the units of administration are smaller, the relative inequalities greater, and provincial financial support less, than in any other sphere of municipal action affected with a large degree of province-wide significance. Details of provincial support to public schools in the various provinces are given in section 4. In general, there has been no increase in such support since before the War, although it is increasingly apparent that the public interest in a child's education is not confined to the municipality in which he lives while of school age, but concerns the whole province.

School costs are capable of computation on a unit basis, whether the unit be pupil, class-room or inhabitant, and as well in any one year as for a number of years ahead, given a knowledge of birth-rates and age-distribution of pupils, but subject to the effect of unforeseen population movements. Education could, therefore, be sold in much the same way as any commodity but such has not been the practice or the theory of

school finance in Canada for many decades. In eight of the nine provinces public school attendance is compulsory, and in all nine it is virtually free of charge to the pupil or his parents as such: the reason in each case is recognition of the paramount interest of the community in ensuring a high standard of education among its members, and of the impracticability of attaining the desired objective if each child's education depends merely on the desires and financial resources of his parents. The child is the primary "consumer" of his own education, but he cannot pay for it himself; the community at large is the real beneficiary of the total educational system, of the education of all children, and it is only by using the medium of the state and its political subdivisions for taxation, and for regulation of the standard of educational facilities, that the community can obtain the desired benefit.

In a simpler age, it was at once easy and natural to regard as the appropriate unit, in rural districts, the area served by a single school. For divers reasons it was considered desirable to separate schools from direct municipal control, but the localization of school administration bears an obvious analogy to the decentralization of municipal government. Difficulties of transportation, a greater degree of equality in economic conditions, and the easily-borne total of other local tax expenditures, also conduced to the system of maximum localization of school administration and finance. Settlement proceeded within the system so set up, and by 1934 there were over 23,000 independent local school units: on the average each community of 450 people (or 100 families) is dependent on its own resources for by far the greater part of its children's education. Actually, the median population of a school district is considerably lower than this, the average being distorted by the large urban districts. Nearly half the people of Canada live within 21,000 rural or semi-rural school sections of an average population of 250 persons.

Today, however, conditions are not suited to such diffusion, at least with respect to finance. Education is more expensive and more necessary to the state. It is axiomatic that under modern economic conditions the maintenance of democratic institutions depends upon an intelligent, well-educated citizenry. Most lines of business and industry require a higher degree of education than was once necessary. The size of the "community" interested in education has expanded, if only by the increasing movements of population, particularly of young people. The rural-urban flow is perhaps the most obvious case. This movement from farm to city is neither unnatural nor wholly to be deplored. With present birth-rate trends most cities are already, or soon will be, unable to reproduce themselves by natural increase; on the other hand, rural areas sill produce surplus population, and with the closing of the frontier this surplus has no place to go except to urban areas. Thus in Quebec, a province whose cultivable land was early filled up, total rural population increased by only 7% between 1901 and 1931, while urban population increased by 177%. In Ontario the respective figures are 7% and 124%, and the same process has begun in the Prairie Provinces now that virtually all arable land has been settled. "The extent of city-ward migration of young people is indicated in the decennial census record of ages. Fully half of the Canadian population at the age of ten years is in rural communities, but at the age of 20 only 45% remains, and at the age of 30 only about 40%."(3) It seems clear that the local basis for school finance is no longer appropriate. School costs are necessarily higher per pupil for the same educational facilities in rural areas than in urban, because of the diffusion of population. The one-room schoolhouse is handicapped in providing complete facilities. To expect rural areas to educate those who are to become residents of cities seems unreasonable.

---

(3) Annual Survey of Education in Canada, 1936, p.ix.

The tremendous variations in taxable wealth between municipalities, and between school districts in each municipality, have been mentioned. From the point of view of the province as a whole no common standard of education is possible under such conditions. The smaller and poorer communities either have to provide inadequate educational opportunities, and inevitably in many cases a poor quality of schooling, or tax themselves out of all proportion to their income and resources - and this in pursuance of a matter which is more and more of provincial or inter-municipal concern rather than of purely local interest. It is manifestly unfair, also, to the children concerned. A child born in one district may have an inestimable advantage in educational opportunities over another born only five miles away. This is particularly evident with respect to secondary education. On the basis of the census of 1931, and after allowing for the distortion arising from the movement of persons under the age of 20, the Survey of Education in Canada for 1934 estimates that less than 20% of country-raised boys aged 15 to 19 attend school, as compared with nearly 50% in the case of city-raised boys. Only in Prince Edward Island, Nova Scotia and British Columbia does the rural index exceed 50% of the urban index for this age-group.

The other large field in which municipalities are inappropriate units of finance is that of social services, including unemployment relief. Public welfare was once, very properly, within the scope of municipal activity. Prior to the days of unemployment as we now know it, and to modern ideas of the function of government with respect to social welfare, each local community was able to look after its indigent according to the ideas of the time, generally in institutions financed out of general or special rates. The municipality, in fact, was the only governmental unit with general responsibility for public welfare and was able to be so because of the minor importance of the problem, the fact that it arose from local conditions rather

than provincial or Dominion conditions, and the fair degree of equality among areas each with a fairly simple economy. Unemployed persons who were able to work could pioneer in new communities and there was nearly always plenty of manual employment available. Old age pensions, widows' pensions, mothers' allowances and many other present-day expenditures were unknown.

Today all these factors are changed, and as they changed the effect was greatly to increase municipal expenditures. The need for certain social services and the belief that they were a proper function of government grew together, out of the same economic conditions, and municipalities were subject to pressure both from above (the province) and below (their own inhabitants) to undertake new and growing expenditures, apparently allied to the old municipal function of providing poor relief, but expanding beyond recognition and soon losing all local relevance. Unemployment became a major problem only in 1930, but ever since the War other social services had been growing first at the expense of municipal finance, but with increasing provincial participation. Whether such services are related to public health or to relief of poverty, there has been more and more realization of their essentially provincial, rather than municipal character, but increasing provincial participation has not prevented the absolute amount of municipal expenditures of this character from also increasing steadily.

Unemployment relief was originally treated as a municipal matter, apparently, simply because widespread unemployment was without precedent, at least for more than a very short period; it developed suddenly, finding the senior governments unprepared, and the only existing machinery or analogous public expenditure was that of poor relief in the individual municipalities. The inequalities were soon so obvious, however, and the expenditures in a number of areas so large in proportion to ordinary revenue, that a measure of provincial and Dominion financial

support was, of necessity, provided. In fact, since 1930, municipalities have provided less than one-fourth of the total cost of this service for which they are nominally responsible. Even so, the areas most seriously affected found it necessary to borrow their necessary share of unemployment relief costs, and in several cases are still doing so. The larger urban units with a third of the country's population had, and have, one-half of the total unemployment and require two-thirds of total direct relief expenditures. A number of "dormitory" suburbs were relatively affected even more seriously. The situation still continues, as shown in section 7 of this part. The incidence of unemployment varies so widely with no relation to relative municipal financial strength, and is affected so much by provincial or national rather than municipal economic factors that no justification remains for requiring each individual municipality to bear a substantial share of the cost of the necessary expenditure for relief within its area.

2. Total Municipal Expenditures

Total expenditures of municipalities are relevant chiefly in connection with taxable resources and methods of taxation, aspects of municipal finance which are discussed in Part IV. In discussing expenditures as such, it is necessary to consider each different category by itself. Tables 31 to 50 in the Appendix hereto present figures for a number of provinces separately, obtained from provincial departments of municipal affairs and by questionnaire to municipalities.

For Canada as a whole, the general picture is apparent in Table 3 below based on Summary Chart E in the Appendix to the Brief of the Citizens' Research Institute of Canada to the Royal Commission. These aggregate figures are in part estimates (particularly as regards separate activities), but the margin of error is not believed to be large when totals for the country as a whole are taken. Expenditures of public utilities, except deficits where such occurred, are excluded. "Debt charges" include sinking fund payments but exclude school debt charges, which are included under "education". "Health and Sanitation" is included with public welfare, as is the municipal share of total direct relief expenditures, whether funded or not.

TABLE 3.

Current Expenditures of Municipalities (a)

A. Amounts in millions of dollars

| | 1913 | 1922 | 1926 | 1930 | 1933 | 1936 |
|---|---|---|---|---|---|---|
| General government | 10.0 | 17.9 | 22.6 | 22.5 | 21.1 | 22.4 |
| Protection to persons and property | 11.1 | 24.1 | 26.5 | 34.0 | 31.5 | 32.1 |
| Highways, streets, etc. | 14.2 | 33.5 | 47.4 | 43.1 | 30.5 | 33.7 |
| Education (b) | 36.1 | 91.6 | 101.1 | 119.1 | 106.2 | 103.0 |
| Public welfare (c) | 6.4 | 19.7 | 21.0 | 33.7 | 56.1 | 56.3 |
| Debt charges (excluding schools) (d) | 22.1 | 53.9 | 53.4 | 67.3 | 73.6 | 75.6 |
| Other | 10.0 | 17.3 | 22.4 | 22.1 | 24.3 | 20.9 |
| Total | 110.0 | 257.9 | 294.2 | 341.6 | 343.2 | 344.0 |

B. Amounts in dollars per capita

| | | | | | | |
|---|---|---|---|---|---|---|
| General government | 1.40 | 2.16 | 2.56 | 2.37 | 2.14 | 2.22 |
| Protection to persons and property | 1.55 | 2.90 | 3.00 | 3.59 | 3.19 | 3.17 |
| Highways, streets, etc. | 1.99 | 4.04 | 5.37 | 4.55 | 3.09 | 3.34 |
| Education (b) | 5.05 | 11.04 | 11.47 | 12.57 | 10.77 | 10.20 |
| Public welfare (c) | 0.90 | 2.37 | 2.38 | 3.56 | 5.69 | 5.57 |
| Debt charges (excluding schools) (d) | 3.09 | 6.49 | 6.06 | 7.10 | 7.46 | 7.49 |
| Other | 1.29 | 2.09 | 2.54 | 2.33 | 2.47 | 2.07 |
| Total | 15.38 | 31.08 | 33.38 | 36.04 | 34.80 | 34.06 |

(a) Excluding expenditures of public utilities but including direct relief whether or not capitalized; without deducting provincial grants (chiefly schools).

(b) Including debt charges; apparently excluding provincial grants paid direct to teachers in the Maritimes.

(c) Including direct relief whether or not capitalized.

(d) Including sinking fund and amortization payments.

3. Expenditures of a purely municipal character

Three classes of governmental activity which are in many if not all respects of province-wide concern, but which in varying degree still remain a municipal responsibility, are discussed separately in the three following sections of this Part, namely, highways, schools, and social services.

Other municipal services fall into two categories,- public utilities, and normal and relatively stable matters of local concern such as general administration, police and fire protection, and regulatory legislation, supervision, and licensing in the interests of health and safety. It is not proposed to discuss municipal public utilities. These are business undertakings supplying necessary community services (water, electricity, transportation, telephones, etc) which for one reason or another have been brought under municipal ownership and control. With few exceptions, they are all designed to be self-supporting, costs being met from charges paid by consumers. In some cases surpluses are earned which augment municipal revenues and in a sense amount to consumer-taxation; in others, deficits are incurred which have to be met out of ordinary revenues; each such case depends on the peculiar circumstances of the individual municipality. As previously noted, a kind of federation has been developed in some metropolitan areas to achieve greater economy and efficiency in these undertakings; the obstacles to union are less, and the advantages more obvious and measurable, in the case of such business enterprises than in the sphere of general municipal government.

There remain what may be termed the essentially municipal functions, those concerning the local inhabitants almost exclusively, and simply and solely because they live

in a given municipal area rather than in another. If democratic local autonomy is a legitimate objective, these are the functions most properly to be entrusted to it, on the three grounds that they are of peculiarly local concern, that the expenditures they necessitate correspond closely with the financial resources of the community, and that the necessary sums can readily be obtained from some simple form of taxation without unduly burdening any particular class of inhabitant or form of wealth. The items of expenditure include "general government", police and fire protection, licensing of occupations, sewerage, provision of internal roads, streets, and sidewalks, street lighting, parks, sanitary regulations and supervision, prevention of disease, precautionary health measures, and the like. Examination of individual cases where detailed statistics are available on a comparable basis for a period of years discloses that such expenditures are relatively stable, varying chiefly with population changes and fluctuations in wage and price levels, that is to say, chiefly in accordance with the income of the community as a whole. Sufficiently detailed statistics are difficult to obtain. For all municipalities in Canada the general trend may be seen in Table 3, above. Figures for a number of individual cities are presented in Table 4, combining general government, police and fire protection, health and sanitation, and miscellaneous expenditures. Comparisons between different cities are subject to many qualifications and adjustments; comparisons between different years for the same city are often qualified by changes in accounting practice and statistical presentation - there have been some wide variations in "miscellaneous" and "general government" (itself a somewhat miscellaneous and indefinite item) in some degree off-setting each other. From Citizens' Research Institute figures, in part estimated, for all municipalities in each province index numbers to the base 1930 = 100 have been computed and are presented in Table 5.

In this case it has not been possible to segregate "health and sanitiation" from "public welfare", so that the activities included are fewer than in Table 4. It must be emphasized that comparisons between provinces are apt to be misleading until more adequate statistics are available, although comparison of general trends may be attempted.

With the exception of the Province of Quebec, all figures indicate only a slight upward trend after 1922 if population increase be taken into account; the trend was rather exaggerated towards the close of the decade, and in the year 1930 expenditures of all description (except highways) reached their peak, partly through the somewhat delayed effect of the 1928-29 boom, and partly through the early influence of the depression. Subsequently debt charges and public welfare expenditures greatly increased, but there have been substantial economies, through reduction of salaries and of personnel, in all controllable expenditures; the degree of severity, and of restoration in the last two years, varies widely between municipalities. As with education and roads, general municipal expenditures in many areas were squeezed between declining revenues and the greatly increased cost of social services.

TABLE 4.

Revenue-Expenditure of 15 Canadian cities on General Government, Protection to Persons and Property, Health and Sanitation, and Unclassified Expenditures.

| | Expenditures ($000) | | | |
|---|---|---|---|---|
| | 1926 | 1929 | 1933 | 1936 |
| Halifax | 545 | 540 | 687 | 772 |
| Sydney | 248 | 303 | 272 | 274 |
| Saint John | 592 | 574 | 748 | 699 |
| Quebec (a) | 269 | 337 | 293 | 226 |
| Toronto | 10,036 | 11,251 | 10,898 | 10,598 |
| Hamilton | 1,723 | 1,780 | 1,845 | 1,886 |
| Ottawa | 1,218 | 1,370 | 1,464 | 1,545 |
| London | 730 | 1,112 | 823 | 874 |
| Peterborough | 201 | 259 | 210 | 199 |
| Winnipeg | 3,330 | 3,803 | 2,875 | 3,158 |
| Saskatoon | 509 | 652 | 630 | 692 |
| Calgary | 857 | 983 | 923 | 986 |
| Edmonton | 1,034 | 1,198 | 1,170 | 1,176 |
| Vancouver (b) | | 3,703 | 3,437 | 3,648 |
| Victoria | 701 | 751 | 628 | 718 |
| 15 Cities | 24,410 | 28,616 | 26,903 | 27,451 |

(a) No specific item "general government".

(b) Expenditures in 1926 are not comparable with those for other years shown, owing chiefly to incorporation of South Vancouver and Point Grey in the City of Vancouver in 1929.

TABLE 5.

Index Numbers of Municipal Expenditures on General Government, Protection to Persons and Property, and "Other" (See Table 3)
1930 = 100

| | 1922 | 1926 | 1930 | 1933 | 1936 |
|---|---|---|---|---|---|
| Prince Edward Island | 77 | 73 | 100 | 88 | 89 |
| Nova Scotia | 76 | 69 | 100 | 77 | 81 |
| New Brunswick | 90 | 94 | 100 | 100 | 122 |
| Quebec | 65 | 87 | 100 | 103 | 92 |
| Ontario | 79 | 96 | 100 | 96 | 96 |
| Manitoba (General government and protection to persons and property) | 70 | 79 | 100 | 87 | 81 |
| Saskatchewan | 80 | 87 | 100 | 75 | 80 |
| Alberta (General government and protection to persons and property) | 83 | 84 | 100 | 89 | 92 |
| British Columbia | 83 | 86 | 100 | 85 | 81 |
| All provinces | 75 | 91 | 100 | 98 | 96 |

4. Streets and Highways

Road expenditures have been a favourite object for economies by municipalities during the depression. Current expenditures in most areas were reduced below the amount necessary to keep existing roads in a proper state of repair, while new construction virtually ceased except where there were large provincial subsidies or unemployment relief works. Maintenance of roads and streets appears to be the most controllable form of expenditure for budget-makers: it is easier to omit the renewal of contracts for this purpose than to dismiss permanent employees. In any event, so far as such work is done by civic employees, these belong in general to the class of unskilled casual labour, receiving only spasmodic employment in any case; their dismissal has swelled the ranks of the unemployed but their maintenance in such case was a municipal obligation only to the extent of 30% to 50%. Moreover, roads remain usable for a few years, even if not kept in the best state of repair, and in time of financial emergency the point is necessarily overlooked that the eventual repairs will be much more costly by reason of the delay.

It is not possible to segregate urban streets from rural roads and highways in the present state of statistics for provinces as a whole, but some indication of the importance to municipal finance of roads expenditures, and of the economies effected since 1930, may be seen in the following tables. (See also Table 3, supra.)

Municipal expenditures of this character are still greatly in excess of provincial expenditures, but a good part of the difference represents urban streets where provincial action is not to be expected. Provincial current expenditures increased relatively more rapidly than municipal from 1921 to 1930, then were reduced even more drastically, and have shown greater expansion since 1933.

TABLE 6.

Streets and Highways - Municipal and Provincial Current Expenditures and Provincial Revenue from Motor Vehicles.

$000,000

| All Provinces Combined. | 1921(a) | 1926 | 1930 | 1933 | 1936 |
|---|---|---|---|---|---|
| Municipal Current Expenditures excluding Debt Charges (b) | 33.5 | 47.4 | 43.1 | 30.5 | 33.7 |
| Provincial Current Expenditures excluding Debt Charges | 8.3 | 15.8 | 28.7 | 15.9 | 19.9 |
| Provincial Interest on Highway Debt (c) | 5.3 | 11.3 | 18.5 | 22.9 | 25.7 |
| Total Provincial | 13.6 | 27.1 | 47.2 | 38.8 | 45.6 |
| Provincial Revenue from Motor Vehicles (d) | 8.0 | 22.8 | 43.4 | 46.8 | 61.6 |
| Total Municipal and Provincial Current Expenditures excluding Debt Charges. | 41.8 | 63.2 | 71.8 | 46.4 | 53.6 |
| Municipal Current Expenditures as a percentage of total Municipal and Provincial excluding Debt Charges. | 80.1% | 75.0% | 60.0% | 65.7% | 62.9% |

(a) 1922 for Municipalities.

(b) Municipal debt for highways cannot be segregated from general municipal debt.

(c) Interest on provincial debt incurred for the construction of highways, computed by applying the average rate of interest paid on the total provincial debt.

(d) Gasoline Taxes, licences, registration fees, etc.

TABLE 7.

Index numbers of Municipal current expenditures on Highways, Streets and Bridges.

1930 = 100

| | 1922 | 1926 | 1930 | 1933 | 1936 |
|---|---|---|---|---|---|
| Prince Edward Island | 66 | 66 | 100 | 97 | 90 |
| Nova Scotia | 58 | 41 | 100 | 56 | 63 |
| New Brunswick | 82 | 73 | 100 | 82 | 70 |
| Quebec | 80 | 123 | 100 | 85 | 108 |
| Ontario | 81 | 128 | 100 | 73 | 72 |
| Manitoba | 83 | 109 | 100 | 80 | 90 |
| Saskatchewan | 76 | 77 | 100 | 40 | 52 |
| Alberta | 68 | 75 | 100 | 58 | 64 |
| British Columbia | 75 | 83 | 100 | 53 | 64 |
| All Provinces | 78 | 110 | 100 | 71 | 78 |

In every province the provincial government has assumed responsibility for some main highways, and varying arrangements are made for municipal-provincial sharing of expenses in connection with other rural roads. The evidence is that there has been a continual process of development of provincial financial responsibility to meet the exigencies of the situation.

In the Maritime Provinces all rural roads are under the direct control of the province and expenditures are almost wholly provincial, but in Nova Scotia rural municipalities are required to levy highway taxes and pay the sums collected to the province. In Quebec all improved roads (roads with a gravel or better surface) are under provincial jurisdiction; the provincial government maintains all important highways and shares with municipalities the cost of constructing but not maintaining, local rural roads; in addition, subsidies up to 50% may be paid in connection with improving municipal roads.

The province of Ontario controls a large mileage of trunk highways and grants subsidies, both in respect of construction and maintenance, for county and township roads constructed to certain standards. The county is an important unit for road purposes, and has power to take over roads in any municipality and make them part of the county road system. An interesting attempt to equalize rural and urban costs appears in the provision whereby the county road levy (upon the equalized assessment of all municipalities) is in part rebated to urban municipalities not separated from the county for municipal purposes. A town receives 50%, and a village 75%, of the balance of the levy raised therein the previous year less the cost of any repairs done by the county in the current year upon any county road in the town or village; the amount rebated must be spent under supervision of the county road superintendent upon designated streets in the municipality.

In the Western Provinces practically all improved roads are under provincial administrative control and little information is available with respect to the others (the thousands of miles of local earth roads). In Manitoba the province pays for the construction of "main roads" but requires a municipal contribution of one-third of the cost of maintenance. The province also contributes to the construction, but not maintenance, of improved local roads. In Saskatchewan the province pays for both construction and maintenance of main roads, and leaves construction and maintenance of others entirely to the municipalities. (As in all other provinces, the determination of what is a main road or provincial highway lies with the provincial government.) In Alberta the province constructs and maintains main highways and development roads, pays the entire maintenance costs of secondary highways, and shares with the municipalities in the construction of secondary and district highways and local roads.

The British Columbia government constructs and maintains all arterial roads, and pays 75% of the costs of construction and maintenance of "primary highways" and 40% to 50% in the case of all other roads. British Columbia is the only province in which there is any substantial sharing of motor-vehicle revenue with the municipalities. Since 1930 the total (distributed in proportion to population) has been limited to $570,000, amounting to 14% of gross revenue of this character in 1930, 14% in 1933, and 11% in 1936. It is nominally a distribution of a portion (from 20% to 30%) of registration fees.

5. Education

The provision of public education is one of the most important functions of modern government. As this function is assigned largely to the municipal sphere in Canada, school costs constitute the largest single item of municipal expenditure and, therefore, require the greatest relative share of local taxation. The proportion of school costs to total expenditures is in most areas from 20% to 25% in the Maritime Provinces, about 35% in Quebec, 25% to 30% in Ontario, and from 35% to 50% west of Ontario. The impact of the depression with increased social service expenditures and decreased revenues has borne with special severity upon school budgets in many areas. School properties and equipment have been neglected, teachers' salaries drastically reduced, and inequalities aggravated. Almost all schools have remained open, but the quality of education has necessarily suffered. The full effects of the foregoing may not be felt for some years.

Tables 8 to 11 illustrate different aspects of recent trends in school finances. Adequate figures for total expenditures are lacking, but annual revenues (4) from grants and local taxation, as set forth in Table 8, provide a good index of current expenditures. It will be noticed that while revenues have increased slightly since 1930 in Prince Edward Island, Nova Scotia and Quebec, the other provinces show a decline. The Prairie Provinces were the hardest hit. In particular, the extent to which school funds have, of necessity, been reduced in Saskatchewan can only be described as shocking. Rural areas everywhere were more seriously affected than urban districts, and have shown least recovery. Table 9 shows the comparatively

---

(4) Quebec financial statistics, particularly with respect to education, but also for public welfare and public health, are not comparable with those for other provinces, owing in large part to the services provided by the Roman Catholic Church and religious orders; these services in many instances provide in Quebec what is provided by governments (municipal and provincial) in other provinces.

minor changes in fifteen cities for which figures are available: many of these experienced actual increases in expenditures as compared with 1929, although population and school attendance have usually increased to a larger extent. In the cities shown, reductions have only been large in Winnipeg (25% in 1933), Saskatoon (16% in 1936), and Vancouver (20% in 1933).

TABLE 8

School Revenue from Provincial Grants and Local Taxation

| | Revenue ($000) | | | Revenue per pupil in Average Daily Attendance | | Revenue per head of population (b). | |
|---|---|---|---|---|---|---|---|
| | 1930 | 1933 | 1936 | 1930 | 1936 | 1930 | 1936 |
| | | | | $ | | $ | |
| Prince Edward Island | 439 | 447 | 465 | 36 | 35 | 5.00 | 5.05 |
| Nova Scotia | 3,469 | 3,691 | 3,690 | 41 | 40 | 6.75 | 6.85 |
| New Brunswick | 3,068 | 2,883 | 2,650 | 47 | 37 | 7.55 | 6.10 |
| Quebec (e) | 19,081 | 20,515 | 20,140 (a) | (c) | (c) | 6.75 | 6.60 (a) |
| Ontario | 47,364 | 43,472 | 40,483 (a) | 80 | 67 (a) | 14.00 | 11.00 (a) |
| Manitoba | 9,108 | 7,237 | 6,624 | 78 | 57 | 13.20 | 9.30 |
| Saskatchewan | 13,435 | 7,556 | 7,689 (a) | 80 | 45 (a) | 14.90 | 8.25 (a) |
| Alberta | 10,449 | 8,662 | 8,922 (a) | 82 | 67 (a) | 14.75 | 11.70 (a) |
| British Columbia | 8,984 | 8,394 | 8,073 | 93 | 78 | 13.30 | 10.75 |
| 9 Provinces | 115,397 | 102,857 | 98,736 (a) | 68(d) | 55(a)(d) | 11.30 | 9.00 (a) |

(a) 1935 for Quebec, Ontario, Saskatchewan and Alberta.

(b) Total population of each province.

(c) Exact attendance figures, for publicly-controlled schools only, are not obtainable for Quebec. Rough approximations would give $45 and $40 for 1930 and 1935, respectively.

(d) Including approximations for Quebec.

(e) See foot-note (4) p. 51.

Compiled from data in Annual Surveys of Education in Canada.

TABLE 9

Municipal Expenditures on Education in Fifteen Cities

| | School costs as percentage of total revenue-expenditures in 1929. (a) | Revenue-Expenditures on Schools ($000) | | |
|---|---|---|---|---|
| | | 1929 | 1933 | 1936 |
| Halifax | 32 | 632 | 712 | 722 |
| Sydney | 19 | 164 | 152 | 183 |
| Saint John | 28 | 554 | 598 | 624 |
| Quebec | 32 | 1,010 | 1,150 | 1,150 |
| Toronto | 26 | 8,414 | 9,106 | 8,986 |
| Hamilton | 30 | 2,135 | 2,409 | 2,265 |
| Ottawa | 24 | 1,457 | 1,555 | 1,605 |
| London | 29 | 1,202 | 1,219 | 1,184 |
| Peterborough | 19 | 261 | 251 | 263 |
| Winnipeg | 26 | 2,439 | 1,833 | 2,257 |
| Saskatoon | 25 | 720 | 688 | 602 |
| Calgary | 30 | 1,402 | 1,231 | 1,339 |
| Edmonton | 25 | 1,409 | 1,477 | 1,438 |
| Vancouver | 28 | 3,629 | 2,904 | 3,255 |
| Victoria (b) | 20 | 552 | 472 | 493 |
| Totals | 27 | 25,980 | 25,757 | 26,366 |

(a) Excluding public utilities.

(b) Schools expenditure excludes school debt charges; public utilities' debt charges not excluded from total.

TABLE 10

Total Teachers' Salaries Paid ($000)

| | 1930 | 1933 | 1935 |
|---|---|---|---|
| Maritimes - not available | | | |
| Quebec (b) | 10,618 | 11,418 | 10,700 (a) |
| Ontario | 29,360 | 27,406 | Not available. |
| Manitoba | 5,329 | 4,484 | 3,954 |
| Saskatchewan | 8,531 | 4,640 | 4,372 |
| Alberta | 6,847 | 5,735 | 5,668 |
| British Columbia - not available. | | | |

(a) Approximate.

(b) See foot-note (4) p. 51.

Source: Annual Survey of Education in Canada, 1936.

TABLE 11

Average Annual Salary per Teacher

| | Rural | | | Urban | | |
|---|---|---|---|---|---|---|
| | 1930 | 1936 | % reduction | 1930 | 1936 | % reduction |
| Prince Edward Island | 527 (a) | 481 | 9 | 771(a) | 767 | 1 |
| Nova Scotia | 543 | 536 | 1 | 1,080 | 1,077 | 0 |
| New Brunswick | 640 (a) | 497 | 22 | 1,224(a) | 1,185 | 3 |
| Ontario | | | | | | |
| Public Schools | 1,036 | 740 | 29 | 1,499 | 1,471 | 1 |
| Separate " | 889 | 760 | 15 | 762 | 715 | 6 |
| High " | | | | 2,188 | 1,759 | 20 |
| Collegiate Inst. | | | | 2,688 | 2,449 | 9 |
| Manitoba | 951 (a) | 601 | 37 | 1,567(a) | 1,297 | 17 |
| Saskatchewan | 1,076 | 465(b) | 57 | 1,316 | 914(b) | 31 |
| Alberta | 1,059 | 731 | 31 | 1,507 | 1,395 | 7 |
| British Columbia | 1,151 | 949 | 18 | 1,788 | 1,600 | 11(c) |
| Districts | 1,338 | 1,135 | 15 | | | |

(a) 1931.

(b) 1935.

(c) Reduction 1933 as compared with 1930 was 27%.

Source: Annual Survey of Education in Canada, 1936, p. 50.

Note: Figures for Quebec are as follows:

| | 1930 | 1936 | % reduction |
|---|---|---|---|
| Catholic lay teachers | 523 | 458(b) | 12 |
| Others | 435 | 416(b) | 5 |
| Protestant | 1,292 | 1,144(b) | 11 |

See also foot-note (4) p. 51.

Tables 10 and 11 dealing with teachers' salaries show the same trends: rural salaries fell much more than urban and have shown little recovery, but there are considerable differences in the size of the fluctuations in the various provinces. The low level of rural salaries even in 1930 and the extraordinary reductions since then constitute a severe indictment of present methods of school support.

The following discussion of sources of school revenues describes the situation in 1936 which differs very little from that of twenty or thirty years ago. For the country as a whole 85% of school costs are borne by local administrative and taxation areas. It will be seen below that there is only one province, Prince Edward Island, where

the provincial government provides the major portion of school funds, and in only one other, British Columbia, is the provincial contribution significantly more than 20%. Prince Edward Island, by reason of its different municipal organization and financial structure is not really comparable with other provinces. Of the latter it is only in British Columbia that the provincial grant is distributed in such a manner as to rectify, in part, the great inequalities of tax resources between individual school districts. In Quebec, the school district is in general the same as the municipality, but apart from such a case, it is only in Manitoba that there is a substantial measure of equalization between distinct school districts within each municipality by the use of uniform municipal taxation for school purposes.

School revenues in Canada are derived from three sources - fees, provincial grants, and local taxation. Fees are of very minor importance in all provinces: they are usually charged only for special subjects or as a small proportion of high school costs, and will, therefore, be ignored in the present discussion. Revenues of publicly-controlled schools from provincial grants and local taxation amounted to $1,864,000,000 in the years 1914 to 1935, inclusive, of which the provincial grants provided $259,000,000 or 14%. For the country as a whole this proportion has been virtually constant over the past twenty-five years, as may be seen from Table 12, and there has not been much variation in each province, although there are wide differences between provinces.

In the Maritime Provinces the greater part of the provincial grant is paid direct to the teacher as part of his salary. In 1934, 76% of the salaries of teachers in Prince Edward Island came from this source, and about 20% in Nova Scotia and New Brunswick. The basis is usually a fixed sum per teacher according to classification and length of service:

TABLE 12

Provincial Grants to Schools (a)

| | Provincial Grants $000 | | | Provincial Grants as % of Total Revenue from Grants and Local Taxation | | |
|---|---|---|---|---|---|---|
| | 1930 | 1933 | 1936 | 1914-35 | 1930 | 1936 |
| Prince Edward Island | 249 | 264 | 266 | 59 | 57 | 57 |
| Nova Scotia | 445 | 573 | 651 | 13 | 13 | 18 |
| New Brunswick | 450 | 413 | 462 | 15 | 15 | 17 |
| Quebec (d) | 1,468 | 1,487 | 1,138(b) | 6 | 8 | 6(b) |
| Ontario | 5,601 | 5,240 | 4,739(b) | 12 | 12 | 12(b) |
| Manitoba | 1,286 | 1,208 | 988 | 14 | 14 | 15 |
| Saskatchewan | 2,764 | 1,597 | 1,614(b) | 18 | 21 | 21(b) |
| Alberta | 1,594 | 1,588 | 1,432(b) | 14 | 15 | 16(b) |
| British Columbia | 2,719 | 2,302 | 2,270 | 33 | 30 | 28 |
| Total | 16,576 | 14,672 | 13,560(c) | 14 | 14 | 14(c) |

(a) Including such part of Dominion grants in aid of agricultural and technical education as was paid over by the provinces to schools, and including provincial payments direct to teachers in the Maritime Provinces.

(b) 1935.

(c) Total for 1936 where reported, but includes 1935 figures for Quebec, Ontario, Saskatchewan and Alberta.

(d) See foot-note (4) p. 51.

Source: Annual Survey of Education in Canada (Dominion Bureau of Statistics) 1936, pp. xviii and 72-73, and 1935, pp.56-59.

in addition, the Prince Edward Island government pays the teacher a grant equal to 50% (but subject to a maximum of $50) of any amount paid to him by the local school board above the minimum which the board is required by law to pay. In all three provinces there are also smaller grants to school boards, usually in respect of special subjects or high schools, and special aid of a limited nature for poor districts.

Government grants are of relatively minor importance in Quebec. Annual appropriations are made to four special funds from which grants are made. The Public School Fund provides a small subsidy for all school municipalities in accordance with attendance. The Superior Education Fund is

shared by the Roman Catholic and Protestant Committees on the basis of population. There is also a Poor Municipality Fund to assist districts unable to support their schools, and an Elementary School Fund primarily for the same purpose.

In Ontario grants are made to elementary public and separate schools on the basis of attendance, taxable property, school expenditures, and any other consideration approved by the Minister of Education. There are also grants to collegiate institutes and high school boards, apportioned chiefly on the basis of salaries paid to teachers, type of accommodation and value of equipment; subsidies for special subjects; and some assistance to schools in poor rural sections and in lumbering, mining and other settlements.

Common to all the Prairie Provinces is a system of grants based on the number of teaching days, teachers employed, and classrooms maintained. Grants are usually larger for rural than for urban schools (particularly in relation to total school revenues) and for secondary education than for elementary. In Alberta and Manitoba there are also grants varying inversely with the assessment value of the district, or assessment per teacher, for all districts with less than a certain assessment, and in all three provinces needy districts receive special assistance. The entire system, therefore, has the effect of somewhat reducing inequalities, but aggregate grants are not very large.

Aside from Prince Edward Island, British Columbia provides the most generous grants. The system is an interesting method of attaining a measure of equality in educational conditions throughout the province. There are minimum salaries for all teachers, which must be paid by school boards. In each district a sum equal to 1 mill or, in city districts and for all high school teachers, 1¼ mills on the dollar of taxable property is divided by the number of teachers in question. The amount by which such sum is less than the

minimum salary, is paid by the province to the school board; further provisions are that the grant will always be at least $305 for each elementary teacher, and grants for other teachers must exceed those actually paid for elementary teachers by a minimum amount per teacher. Additional grants of 50% of the cost are paid for all classes in manual training, home economics, agriculture, physics, chemistry, and commercial, technical and vocational education, subject to a maximum of $500 payable in respect of any one course. Such a system obviously encourages the provision of the best educational facilities, subject to provincial supervision, with the provincial grant both substantial and in general graded in inverse proportion to the assessed valuation of property in each school district.

In all provinces there are, of course, other provincial expenditures in connection with schools besides grants to local boards or teachers; these are chiefly the cost of operating provincial normal schools for the training of teachers, the administrative costs of the Department of Education and its staff of inspectors, and the maintenance of special schools for the blind, deaf, delinquent, or mentally defective, and a few other specialized schools.

Local taxation is the largest source of school funds in every province except Prince Edward Island. In five provinces, including Prince Edward Island, the local taxes levied in support of each school board are entirely confined to the administrative area of the board. In three other provinces a relatively small proportion of the total is raised by uniform taxation throughout municipal areas, but the chief support is the individual school district, although in Quebec the school district usually covers the same area as the municipality. The remaining province is Manitoba in which about three-fifths of the school support in rural municipalities is equalized by a uniform rate levied over the whole municipality.

In all provinces the school board determines the amount to be raised and, in general, the municipality is responsible for levying the rate, collecting the tax, and paying over the full amount of the levy, whether collected or not, to the board. Some exceptions are noted below. In Charlottetown and Summerside, Prince Edward Island, and Saint John and Fredericton, New Brunswick, the yearly amount is subject to a maximum set by statute, while in the province of Quebec there is a legal duty imposed on each school board to raise a sum at least sufficient to pay the salaries of its teachers. Elsewhere the only control (other than the necessity of paying minimum salaries in some provinces) rests with the ratepayers and is exercised either directly in meetings called to approve the amount fixed by the board, or more often, indirectly through the usual electoral process. The school levy is determined by the municipal council, instead of the school board, only in the cities and towns of New Brunswick, but in the city of Winnipeg and in all municipalities in British Columbia the municipal council must approve the amount or the matter is determined by arbitration. Wherever the municipality is called upon to levy and collect school taxes it is responsible for the total sum levied, except in Winnipeg and in Saskatchewan cities and towns where remittance only of actual amounts collected is required. In a few cases the school board itself collects taxes, namely, in the rural school districts of Nova Scotia, in village and consolidated districts in Alberta, in areas not organized for municipal purposes in most provinces, and at the option of the school board in Quebec and of separate school boards in Ontario. In British Columbia taxes for rural school districts (which are all outside the municipally-organized area) are collected partly by the Provincial Collector and partly by the school board. With few exceptions all school taxes are levied on the same property as is liable for ordinary municipal taxation, or would be so liable

if the school district were in a municipality, and is levied against the owner, except in Prince Edward Island where the occupant is the taxpayer. A peculiar feature in the Maritime Provinces is that each inhabitant of a school district (called a school section in Nova Scotia) in Nova Scotia, New Brunswick, and all of Prince Edward Island except Charlottetown and Summerside, pays taxes, in respect only of that school district, on all his property in the municipality in which the district lies. Apart from property taxation there are poll taxes in Nova Scotia and New Brunswick, and a poll tax may be levied by any school board in Prince Edward Island, and by a school board outside municipal territory in British Columbia and Alberta.

There are no provisions, excluding provincial grants, for equalization of local school funds within rural municipalities in Saskatchewan, Alberta and British Columbia. In Quebec the school district is usually the same as the municipal area. In Nova Scotia each county must raise a sum equal to at least $1.00 for every inhabitant; the municipalities within the county (including cities and towns, if part of the county) act as collectors, and must remit to the county in proportion to population. The Municipal School Fund so formed is then distributed by the county among school boards, the greater part on the basis of $120 per teacher employed, and the balance in proportion to school attendance. The County School Fund in New Brunswick operates in much the same manner, but the minimum amount to be collected is the equivalent of 60¢ per head, and the corresponding amount per teacher is $60. In both provinces all moneys received by school boards from the fund must be applied to the payment of teachers' salaries. In 1936 such county grants amounted to 16% of total county and local school funds in Nova Scotia, and 10% in New Brunswick.

In Ontario there are both county and township grants to school boards in addition to local taxation. The county grant for elementary education is not large and is only given to rural school boards (public or separate); the amount must be at least equal to that part of the Legislative Grant received on the basis of the equipment and accommodation in the board's schools and for the operation of a fifth class (two years of high school work). But collegiate institutes and high schools in townships, villages and unincorporated towns receive county grants amounting to about 50% of the cost of county pupils in attendance, or at least equal to the Legislative Grant received; in the case of cities and incorporated towns the grant may be 80% of the cost in question. Township grants are made to all public rural school districts for assistance in the payment of teachers' salaries. The grant varies directly, not inversely, with the public school assessment of the district, applies only with respect to teachers receiving a salary of $500 or more, and varies from a minimum of $100 for an assistant teacher to a maximum of $600 for a principal.

Manitoba has the most extensive system of equalization within a municipality. A sum equivalent to $3.60 per teacher per day prior to 1933, and at present $2.25, must be paid to each school district from municipal funds raised by a levy on all assessable property in the municipality. The balance only of the district's expenditure, over the combined provincial and municipal grants, is raised by taxation of the owners of property in the particular school district concerned. About 60% of total school costs in rural areas is thus equalized over each municipality.

Finally, in connection with the methods of school financing in Canada, the power to borrow for temporary purposes and raise money by sale of debentures for capital expenditures is given to nearly all school boards; school debentures are usually subject to statutory limits as to maximum maturity and are required to be repaid by annual instalments or through the instrument of a sinking fund. (In a number of cities, the debentures are issued by the city council). Approximate gross school debenture debt, without deduction of sinking fund holdings, is shown in Table 13. For the 9 provinces the total in 1935 was approximately $228,000,000. Sinking fund holdings amount to perhaps 10% of the total, but there are wide variations in this respect; the use of serial repayment rather than sinking funds in some provinces reduces the gross debt figures.

TABLE 13

School Debenture Debt

(Millions of Dollars)

| | Gross debenture debt | Approximate value of land, buildings and equipment |
|---|---|---|
| Nova Scotia and Prince Edward Island | 7.0(a) | 20.0(b) |
| New Brunswick | 5.0 | |
| Quebec | 82.9 | 105.9 |
| Ontario | 79.6 | 170.0(b) |
| Manitoba | 15.5 | 18.2 |
| Saskatchewan | 13.5 | 30.0(b) |
| Alberta | 9.9 | 22.2 |
| British Columbia | 14.9 | 25.0(a) |
| 9 Provinces | 228.3 | 391.3 |

(a) Estimated.

(b) Estimated for 1935 on basis of previous years' reported figures, changes in debt, etc.

Source: Annual Surveys of Education in Canada, Dominion Bureau of Statistics.

6. Social Services, Exclusive of Unemployment Relief

The general subject of social services has been dealt with so thoroughly by Dr. A. E. Grauer in his studies prepared for the Commission that it is only necessary here to give a brief review of the municipal aspects of the question.

Social services, like so many other activities of government relating to the family and the individual, originated largely in the municipal sphere. They arose by a gradual process of amplification of and differentiation within the general concepts of poor relief and, particularly in urban areas, public health. For a time merely an expression of local ideas and varying widely from one locality to another, social services have acquired in late years a wider significance and have been accepted as a matter of state concern. There has been a continual growth of provincial regulation, both statutory and administrative. Municipalities have been under pressure both from above and below to expand the scope and degree of expenditures for public welfare. Fortunately, in this field there has also been an increasing degree of financial responsibility assumed by the provinces and by the Dominion. The evident tendency is for increasing participation by the senior governments, or at least by the provincial governments, with respect to each type of social service, culminating in the complete exemption of municipalities in a growing number of cases.

Old age pensions were introduced in 1927 with the Dominion government contributing 50% of the cost to each province which chose to institute such pensions. This represented the adoption by the senior governments in a new form of a service which previously existed in the municipal field as a special aspect of poor relief. (Prior to the depression care of the indigent aged, chiefly in institutions, constituted a large part of expenditures on poor relief.) The Dominion contribution

was increased to 75% in 1931. More and more provinces came under the scheme until by 1936 the entire country was included, and within each province the municipal contribution, if any, was decreased and finally, with one or two exceptions, abolished. Municipalities now contribute to old age pensions in Alberta, and there only to the extent of less than 25% of the provincial contribution, and in Manitoba through the Municipal Commissioner's levy which includes a levy for old age pensions, but as late as 1936 municipalities also made a substantial contribution, in relation to that of the province, in Ontario.

In 1937 an amendment to the Old Age Pensions Act provided for special pensions for blind persons over the age of forty. This will further relieve municipal social service expenditures to some extent.

"Mothers' allowances", also a specialized form of poor relief, were begun in Manitoba in 1916 and are now paid in all provinces except New Brunswick and Prince Edward Island. The whole cost is met by the province, except in Alberta where municipalities must provide 50%. Municipal contributions ended in Manitoba in 1930, and in British Columbia and Ontario only within the last two years.

Provinces, municipalities and private charities co-operate with respect to the care of neglected and indigent children, partly in orphanages and other institutions, but to an increasing degree through the home placement activities of Children's Aid Societies. The latter form of social service is a matter of provincial legislation in all provinces except in Quebec. The provinces usually make grants to approved institutions, and to the Children's Aid Societies, while requiring the municipalities to pay all or part of a stipulated maintenance fee for each child. In New Brunswick and Prince Edward Island, however, municipal support is not mandatory, and in Nova Scotia the maintenance fee is shared between province and municipality. Municipal expenditures on this head cannot be segregated in the available statistics. There seems no reason why the entire cost should not be assumed by the provinces.

In all provinces there is legislation respecting the establishment of hospitals and providing for free hospitalization of indigent persons. The latter service has greatly increased in cost since 1929, and the major portion is required to be paid by the municipality of residence. The usual system imposes a statutory duty on hospitals to accept patients and on municipalities to guarantee payment of public ward charges at a stipulated rate per diem; in addition the province makes a grant per patient-day, sometimes for all patients, sometimes only for non-paying patients. The proportion of provincial to municipal payments varies across the country, but in six provinces the senior government rarely provides more than 25% of the total public support. In British Columbia, on the other hand, the province pays to public hospitals from 70¢ to $1.25 per patient-day, in respect of all patients; municipal payments are merely by way of lump-sum grants. In Quebec the provincial and municipal payments are equal, and in Prince Edward Island no statutory obligation is imposed on municipalities.

Accurate statistics of municipal payments for hospitalization are not available in many cases. Below are set forth provincial payments in respect of general hospitals only (i.e., excluding isolation hospitals, tubercular hospitals, etc.), as well as municipal payments for British Columbia and Ontario. The increasing cost, particularly for municipalities, will be apparent from these illustrations.

TABLE 14

Hospitalization Expenditures

| | $000 | | | |
|---|---|---|---|---|
| | 1927 | 1931 | 1933 | 1936 |
| Provincial grants to general hospitals excluding Quebec.(a) | 2,800 | 3,383 | 3,017 | 4,025 |
| British Columbia municipalities - grants to general hospitals | | 575 | 579 | 733 |
| Ratio municipal to combined municipal and provincial payments | | 39% | 50% | 41% |
| Ontario municipal payments to general hospitals | 1,311 | 1,989 | 2,945 | 3,042 |
| Ratio municipal to combined municipal and provincial payments | 65% | 65% | 74% | 69% |

(a) Comparable statistics for Quebec not available.

The cost of treating indigent patients in general hospitals is only part of the total expenditures of provinces and municipalities in connection with hospitals and hospitalization, but it is the field in which municipalities are required to make their greatest proportionate contribution. With respect to tuberculosis hospitals, mental hospitals, etc., most provinces have more and more relieved their municipalities of financial responsibility. It would seem that the feature of public health in this connection more easily appeals to provincial authorities than the feature of poor relief, and that general hospitalization partakes more of the character of the latter in the view of the provinces.

With respect to poor relief itself, so far as it is now distinguishable from unemployment relief, there has been little if any change in financial responsibility for many years except in regard to the differentiated functions already mentioned. The residual item of "poor relief" for unemployable persons not coming within any of the above special categories remains with the local governments now as in the past. The meaning of "unemployable", however, is fast losing precision. Large numbers of persons now receiving unemployment relief are in fact unemployable today, but under existing administrative systems are maintained by civic unemployment committees in the employable unemployed category, so that the provincial and Dominion governments shall provide the major portion of relief costs. Any attempt at realistic re-classification would greatly increase municipal expenditures under the present distribution of public welfare costs. If unemployment relief for employable persons only were removed from the municipal sphere and employables and unemployables re-classified it is possible that, at first, municipal costs in the large cities with most unemployment would be as great as they are at present. According to the 1938 Report of the National Employment Commission fully unemployable and partially unemployable (of doubtful employability) persons constituted 27% of the total number of employable and unemployable persons (excluding dependents) receiv-

ing aid in September 1937 to which the Dominion contributed, excluding farm resident operators. The municipal share of direct relief costs in 1936-37 was 23%. Whether by adequate training and other rehabilitation measures a considerable proportion of unemployables could be assisted to re-enter the employable class is a somewhat contentious point. If so, there would be an obvious incentive to municipalities to engage in such work, and municipal finances would be correspondingly relieved. But if not, a further measure to assure improvement of municipal finances would be necessary. One suggestion is to provide that persons who become unemployable subsequent to becoming unemployed should continue to receive unemployment relief rather than municipal poor relief. Otherwise, municipalities would continue to be responsible for an expenditure really resulting from unemployment which, ex hypothesi, has been recognized as not a local responsibility.

7. Unemployment Relief

It is not intended here to do more than point out the effect of unemployment relief costs on municipal finance, and this largely by a selection of statistics from the material upon which Dr. Grauer's study is based.

The costs of unemployment relief proved much too great for municipalities with high unemployment to bear, and the senior governments were of necessity compelled to assume an increasing proportion of the total costs. It is difficult to assess the respective contributions of the various governments to unemployment relief as such, because of the number of different activities carried on. Joint relief works, the Trans-Canada Highway, and Dominion relief works all assisted in reducing the cost of direct relief by reducing unemployment. Yet many, if not all, of such works would have been undertaken in any event in normal times, and since the expenditure is represented by tangible assets it is somewhat unreal to regard it as coming within the class of social services, or of any type of current as opposed to capital expenditures. Municipalities benefited from some of these works, in that, since the

other governments paid the balance, they obtained at from 20 to 30% of cost valuable buildings and other works which would otherwise have had to be constructed wholly at municipal expense. At any rate, so far as concerns municipal budgets, the important factor is direct relief, now clearly recognized as a recurring and therefore current expenditure.

A conspectus of "relief" expenditures of all kinds is presented in Table 15 for the Dominion fiscal years ending March 31, 1931 to 1937. It will be noticed that total municipal relief expenditures rose only slightly after 1932; but municipal expenditures on direct relief increased substantially each year until

TABLE 15

Relief Expenditures
$000,000

| Years ending March 31 (a) | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 1937 | 7 Year Total |
|---|---|---|---|---|---|---|---|---|
| A. Disbursed by provincial and municipal agencies (c), cost shared in varying degree by Dominion, provinces and municipalities. | | | | | | | | |
| Direct relief | 3.7 | 23.4 | 48.5 | 78.5 | 97.2 | 95.1 | 93.9 | 440.2 |
| Relief works | 14.9 | 55.1 | 30.6 | 13.0 | 25.7 | 15.9 | 21.3 | 176.4 |
| Trans-Can.Highway | 0.2 | 4.9 | 4.5 | 3.8 | 7.3 | 12.4 | 5.0 | 38.2 |
| Agricultural aid (b) | 2.2 | 10.0 | 9.5 | 5.8 | 12.0 | 11.9 | 7.2 | 58.6 |
| B. Direct expenditures by Dominion through its own agencies (chiefly public works) | 1.2 | 4.8 | 4.3 | 8.5 | 17.1 | 38.4 | 26.3 | 100.6 |
| C. Grand total, all expenditures (c) | 22.2 | 98.2 | 97.4 | 109.6 | 159.3 | 173.7 | 153.7 | 814.0 |
| | Municipal Share % | | | | | | | |
| Of Direct Relief | 40 | 23 | 25 | 26 | 23 | 23 | 23 | 24 |
| " Relief Works | 39 | 23 | 25 | 14 | 6 | 7 | 3 | 18 |
| " Trans-Can.Highway | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| " Agricultural Aid | 71 | 29 | 10 | 22 | 4 | 12 | 15 | 16 |
| " Total excl.Dominion separate expenditures | 42 | 23 | 23 | 23 | 17 | 18 | 18 | 20 |
| " Total all expenditures | 40 | 21 | 22 | 21 | 15 | 14 | 15 | 18 |
| | Actual amounts, Municipal Share $000,000 | | | | | | | |
| Direct Relief | 1.5 | 5.4 | 12.4 | 20.4 | 22.0 | 21.9 | 21.8 | 105.3 |
| Relief Works | 5.8 | 12.8 | 7.7 | 1.8 | 1.4 | 1.1 | 0.7 | 31.3 |
| Agricultural Aid | 1.6 | 2.9 | 1.0 | 1.2 | 0.4 | 1.4 | 1.1 | 9.5 |
| Total | 8.8 | 21.0 | 21.1 | 23.4 | 23.9 | 24.3 | 23.5 | 146.2 |

(a) All expenditures adjusted to Dominion fiscal year.
(b) Excluding direct relief in agricultural areas; see text.
(c) Excluding unknown amounts expended by municipalities without provincial contribution, e.g. direct relief administration costs and medical services.

TABLE 16

Provincial-Municipal Sharing of Responsibility for Total Relief Costs (excluding Dominion Share) for the Seven Years 1931-1937 by Provinces

| | Direct Relief | | Direct Relief & Relief Works | | All Relief Expenditures (a) | |
|---|---|---|---|---|---|---|
| | Prov. | Mun. | Prov. | Mun. | Prov. | Mun. |
| | % | % | % | % | % | % |
| Prince Edward Island | 66 | 34 | 78 | 22 | 85 | 15 |
| Nova Scotia | 49 | 51 | 72 | 28 | 72 | 28 |
| New Brunswick | 61 | 39 | 71 | 29 | 79 | 21 |
| Quebec | 50 | 50 | 56 | 44 | 57 | 43 |
| Ontario | 67 | 33 | 70 | 30 | 72 | 28 |
| Manitoba | 57 | 43 | 58 | 42 | 59 | 41 |
| Saskatchewan | 85 | 15 | 84 | 16 | 81 | 19 |
| Alberta | 60 | 40 | 64 | 36 | 71 | 29 |
| British Columbia | 79 | 21 | 78 | 22 | 79 | 21 |
| All Provinces | 64 | 36 | 67 | 33 | 70 | 30 |

(a) Including Trans-Canada Highway and Agricultural Aid, but excluding Dominion share and Dominion expenditures through its own agencies.

and including 1934, since when there has been little change during the years shown. Table 16 indicates the wide variations in provincial-municipal sharing of costs in the different provinces.

Aggregate municipal expenditures for relief do not disclose the real difficulties. Unemployment relief is predominantly an urban problem, the chief exception being the drought areas in the Prairie Provinces. This concentration of unemployment in the larger cities, coupled with higher costs in urban areas, results in the situation illustrated in Table 17. Actual figures are only given for 1935 (monthly averages) but the situation has been the same since 1930, that is, the larger cities with about 30% of the country's population contain 50% of the unemployed and incur nearly 70% of the total cost of relief. This is true in every province, though with some differences in degree, as shown in Table 18. It may be estimated that six urban areas (the

TABLE 17

Concentration of Direct Relief Problem in Urban Areas

| | | Monthly Average 1935 | |
|---|---|---|---|
| | % of Dominion Population | % of all on Relief in Dominion | % of Cost of all Direct Relief in Dominion. |
| Montreal City | 7.8 | 15.3 | 17.8 |
| Toronto City | 5.8 | 8.8 | 12.0 |
| Balance Metropolitan Area, Toronto | 1.8 | 4.0 | 6.8 |
| Toronto Metropolitan Area, | 7.6 | 12.8 | 18.8 |
| 8 Other Urban Areas - Ontario | 7.0 | 10.5 | 15.5 |
| Winnipeg Metropolitan Area | 2.5 | 3.8 | 5.3 |
| Regina, Saskatoon, Moose Jaw | 1.0 | 2.0 | 2.8 |
| Calgary and Edmonton | 1.6 | 1.6 | 3.1 |
| Vancouver, North Vancouver & New Westminster | 2.3 | 3.1 | 4.0 |
| Victoria | 0.3 | Less than 0.3 | |
| Halifax | 0.5 | Less than 0.5 | |
| Saint John | 0.6 | Less than 0.5 | |
| Charlottetown | 0.1 | Very small | |
| Total for above urban areas | 30% | 50% | 69% |

TABLE 18

Concentration of Direct Relief in Urban Areas, by Provinces.

| | % of provincial population | % of all on relief in Province | % of Costs of Direct Relief in Province. |
|---|---|---|---|
| Halifax, Sydney, Glace Bay, Sydney Mines & North Sydney | 22 | 66 | 63 |
| Saint John | 15 | 25-30 | 35-40 |
| Montreal City | 28 | 50-67 | 65-70 |
| Toronto City | 18 | 27 | 27-30 |
| Ottawa, Hamilton, Windsor London, Kitchener, Brantford, Oshawa and Niagara area | 21 | 32 | 37 |
| Winnipeg City | 30 | 50 | 60-65 |
| Regina | 5 | 6 | 15 |
| Calgary & Edmonton | 22 | 40 | 65 |
| Vancouver | 34 | 38 | 39 |

metropolitan areas of Montreal, Toronto, Hamilton, Windsor, Winnipeg and Vancouver) with about 24% of the total population of Canada contained about 45% of all unemployed persons and required at least 60% of total direct relief expenditures from 1930 to date. Excluding direct relief in drought areas the proportion would be even higher.

In the cities, therefore, the cost of direct relief represents a much more serious problem than aggregate Dominion figures would indicate. Tables 19 to 21 show the magnitude and development of the problem in relation to civic revenue, in Saskatchewan cities as a group, and in Winnipeg and Montreal. The figures given relate to the municipal share of relief costs; If the cities had been compelled to meet the total costs the amounts would have been about three times as great.

The figures for relief costs as a percentage of the tax levy in Montreal and Winnipeg (Tables 20 and 21) are merely presented to illustrate the magnitude of such costs in relation to civic finances; actually all direct relief expenditures have been borrowed in the case of Montreal, and all since 1932 in the case of Winnipeg. This practice has also been adopted in some other large cities, as an alternative to an increase in taxation. There is evidence that in a number of cases the limits of taxation have been reached. But borrowing for current expenditures cannot be a permanent solution. Debt charges on previous borrowings for unemployment relief are mounting rapidly.

In some cities, Winnipeg being an instance, relief costs have been identified in municipal accounts as the cause of borrowing: in others they have been responsible for municipal deficits, and consequent borrowing. It is not unjustifiable to treat unemployment relief as the cause of such borrowing on the ground that it is a new expenditure without which deficits could have been avoided, assuming the same degree of economy in other expenditures. Municipal deficits became serious in 1932 and for the three years 1933-35 amounted to $45 million if all direct

relief be treated as a current expenditure.[5] This was almost equal to the amount of direct relief financed by borrowing, the total municipal share of direct relief costs in those years being about $60 million, of which about $14 million were paid out of current revenue. Figures for the country as a whole, as is frequently the case with municipal statistics, conceal the fact that a large number of municipalities with a relatively small relief load were able to balance their budgets, whereas the cities in which the greater proportion of unemployment was concentrated usually had to borrow almost the entire amount necessary for direct relief. As a result, a large annual burden is being incurred in the form of interest and sinking fund payments in respect of new dead-weight debt.

The extent of the urban concentration of direct relief costs may be illustrated by the fact that total expenditures for direct relief and relief works (municipal, provincial, and Dominion) in the city of Montreal for the seven-year period amounted to about $100 million exclusive of expenditures by the Dominion government through its own agencies, which amount is equal to the total of similar expenditures in Alberta and Saskatchewan combined, despite the influence of the drought in increasing direct relief in rural areas in those provinces.

TABLE 19

Direct Relief in Saskatchewan Cities

| | $000 1931 | 1933 | 1935 | 1936 |
|---|---|---|---|---|
| Total municipal share, relief & administration | 288 | 761 | 947 | 639 |
| Amount paid out of revenue | 288 | 207 | 221 | 217 |
| Debt charges on amounts previously capitalized | 0 | 56 | 121 | 237 |
| Total "current" expenditure | 288 | 263 | 342 | 454 |
| % of tax levy required | 10% | 10% | 13% | 17% |
| Total municipal share of annual relief costs (excluding debt charges) as % of tax levy. | 10% | 30% | 36% | 24% |

(5) Citizens' Research Institute Brief, Table XV.

TABLE 20

City of Montreal: Unemployment Relief Costs and Tax Levy, 1930-7

| Year | (c) Tax Levy | City's Share of Unemployment Relief Costs (d) | Unemployment Relief Costs as percentage of Tax Levy |
|---|---|---|---|
| | ($000) | ($000) | % |
| 1930 | 33,743 | 96(a) | .3 |
| 1931 | 33,542 | 2,309 | 6.9 |
| 1932 | 33,576 | 6,114 | 18.2 |
| 1933-4(b) | 34,045 | 8,104(b) | 23.8 |
| 1934-5(e) | 33,535 | 6,325 | 18.9 |
| 1935-6(e) | 35,928 | 5,521 | 15.4 |
| 1936-7(e) | 35,674 | 6,880 | 19.3 |
| 1937-8(e) | 35,001 | 5,480 | 15.7 |

(a) October - December.
(b) 16 months.
(c) Real property tax and business and water taxes.
(d) Direct Relief and Relief works, but excluding relief debt charges. Amounts shown were nearly all capitalized.
(e) Year ending April 30th.

TABLE 21

City of Winnipeg: Unemployment Relief Costs and Tax Levy, 1930-6

| (a) Year | (b) Tax Levy | Total Direct Relief Costs | City's share of Direct Relief Costs (c) | Unemployment Relief Costs as percentage of Tax Levy | |
|---|---|---|---|---|---|
| | | | | Total Cost | City's Share |
| | ($000) | | ($000) | % | % |
| 1930 | 10,771 | | 275 | | 2.6 |
| 1931 | 10,958 | 2,474 | 906 | 22.6 | 8.3 |
| 1932 | 10,912 | 3,129 | 1,147 | 28.7 | 10.5 |
| 1933 | 10,072 | 3,623 | 1,324 | 36.0 | 13.2 |
| 1934 | 9,858 | 3,635 | 1,557 | 36.9 | 15.8 |
| 1935 | 9,469 | 3,766 | 1,887 | 39.8 | 19.9 |
| 1936 | 9,236 | 3,825 | 1,604 | 41.4 | 17.4 |
| 1937 | 8,971 | 3,711 | 1,530 | 41.4 | 17.1 |

(a) Year ending December 31st.
(b) General property tax, Business tax, Greater Winnipeg Water District tax, Local Improvement, and special taxes.
(c) Excluding relief debt charges. Amounts shown were partly capitalized in 1931 and 1932 and wholly capitalized in subsequent years.

In addition to the urban problem, agricultural aid has created special difficulties in many rural municipalities in the Prairie Provinces, and particularly in Saskatchewan. Direct relief in rural areas is included in the other direct relief statistics. "Agricultural aid" represents chiefly the provision of seed and feed, tractor fuel, etc., in order to maintain farmers in drought areas and elsewhere in production. Of the total of $59 million shown in Table 15, about $56 million was expended in the Prairie Provinces, including $48 million in Saskatchewan, during the years in question. Part of this "expenditure" consists of guaranteed bank loans; under the present system the municipality guarantees the farmer's debt or makes the loan itself, out of funds actually made available as the result of provincial, seconded by Dominion, guarantees.

In recent years the Dominion has extended special aid in connection with direct relief and seed and feed relief in the drought areas on the ground that the devastating drought , continuing for a period of five to nine years, constituted a national disaster. Certainly in the case of municipalities in drought areas with 80% to 100% of their inhabitants on relief it is as impossible as it is unjustifiable to adhere to the theory of local financial responsibility. This case differs only in degree from the general situation as regards the unequal and fortuitous distribution of unemployment and of relief costs.

The provision of seed, feed, tractor fuel, etc., that is, of farm operating costs, falls in a somewhat different category from that of direct relief or relief works. It is connected with relief through the intention and expectation (frustrated by continuation of the drought) that relief itself would be reduced as a result of the production which was to be facilitated. Nevertheless, the operation consisted essentially in the provision of operating costs for a particular industry by government loans, with the expectation that the loans would be repaid if increased

production were achieved, but with the clear knowledge that if operations were unsuccessful - as was in fact the case for several years - repayment would be impossible.

The initial financial responsibility for agricultural aid lay with the municipalities, though in fact funds could only be secured through loans from or guaranteed by the province and the Dominion. In the past two years there have been a number of remissions of the debts of individuals (including tax arrears), to municipalities , of municipal debt to senior governments, and of provincial debt to the Dominion, in respect of the drought areas. The situation of Saskatchewan municipalities as early as 1935, with two to three years of drought still to come, but before the recent cancellations, is illustrated by Table 22.

While the degree of responsibility attaching to unemployment relief for the creation or accentuation of current problems of municipal finance is not uniform in the different municipalities and, cannot be accurately measured, the ascertainable facts warrant the following conclusions:

(a) Unemployment relief has been the principal factor contributing to the expansion of municipal responsibilities and to the greater inflexibility of urban expenditures since 1931;

(b) Relief costs have accentuated the normal financial difficulties of a number of municipalities in a period of depression: they have mainly affected urban industrial centres and particularly metropolitan areas and areas suffering from special and additional difficulties such as those created by drought in the Prairie Provinces;

(c) Many municipalities and particularly the larger cities and the units in drought and other depressed areas have borrowed the major portion of their relief costs. This inability to balance budgets points to a large degree

of inflexibility in existing municipal functions and responsibilities as well as in the ordinary sources of municipal revenue. The degree of inflexibility in existing functions has been greater in urban than in rural municipalities;

(d) Unemployment relief has been the primary and principal contributing factor in the creation of the current financial problems of some municipalities. While the removal of the burdens imposed by unemployment relief would effect a general improvement in municipal finances, it would not effect a complete solution where difficulties exist: municipal services and obligations other than relief also require attention.

TABLE 22

Outstanding Debt of Rural Municipalities in Saskatchewan 1929 and 1936

(Thousands of dollars)

| | December 31 1929 | 1936 | Net Change |
|---|---|---|---|
| **Debenture Debt** | | | |
| Direct General Debenture Debt - Net | 357 | 139(a) | - 218 |
| Indirect Debenture Debt (b) | 7,074 | 4,292 | -2,782 |
| Total Debenture Debt | 7,431 | 4,431 | -3,000 |
| **Bank Loans** | | | |
| General Municipal Loans | | 2,214 | |
| Bank Loans for Relief - Seed Grain & Other | | | |
| Guaranteed by Senior Governments | | 8,088(c) | |
| Not Guaranteed | | 3 | |
| Other Bank Loans | | 169 | |
| Total Bank Loans | 2,007 | 10,474 | +-8,467 |
| **Loans from Provincial Government** | | | |
| Seed Grain and Other Relief | | 17,059(c) | |
| Education Purposes | | 24 | |
| Total Loans from Provincial Government | | 17,083 | +17,083 |
| Sundry Accounts Payable | 464 | 3,440 | + 2,976 |
| Total Outstanding Debt | 9,902 | 35,428 | +25,526 |
| Due Schools, Telephones, etc for Requisition of Taxes (not included in above total). | 1,588 | 11,538 | + 9,950 |

(a) Consisting of $24,000 unmatured debenture debt and $115,000, overdue principal and interest.
(b) Rural Telephones (about 90% of the total), Union Hospitals and Drainage Districts.
(c) Before adjustment for the proposed write-offs by the provincial government.

8. Debt Charges

During the early years of the depression, before budgets were adjusted to the new conditions, municipal debt increased as a result of current deficits and of capital expenditures for relief works. This was almost entirely an urban phenomenon - rural municipal debt is not large and, excluding the drought area, has shown little variation. After 1934 urban debt decreased substantially, except for a small number of the larger cities in which the unemployed were concentrated. With only three or four exceptions, however, the latter group did not have a greater debt in 1937 than in 1934.

In many cases the character of the net debt has changed, since borrowings for unemployment relief have replaced other debt which has been steadily reduced by sinking funds and serial bond repayments. Relief borrowings are usually subject to a higher rate of amortization than other loans, so that total debt charges (including sinking fund payments) have increased since 1930 more than would be indicated by the debt figures. On the other hand, interest rates on the average are lower than in 1930 since municipalities in a strong position have been able to refund on advantageous terms, and those in the weakest position have had to reduce their borrowings rigorously.

For all municipalities in Canada, total debt charges (excluding schools) increased from $67 million in 1930 to $74 million in 1934 and $76 million in 1936 (see Table 3).

Debt figures for 36 of the larger cities and other urban areas for the years 1930, 1932, 1934 and 1937 are given in Table 23. These are exclusive of self-supporting public utilities (except where otherwise noted). Completely satisfactory figures for accurate comparisons are not obtainable. Where the sinking fund system is used, "net debt" represents the true debtor position, but "gross debt" is the amount on

which debt charges are paid. Consequently total debt charges normally increase more rapidly than net debt and net debt interest charges, but since the difference is repaid to the municipalities themselves, it has little significance. In the case of the serial repayment method, there is only one debt figure, and from the point of view of the net debtor position of the municipality, this is comparable to the "net debt" in the case of the sinking fund system. There is no available figure, however, of the interest paid, as distinct from the total debt charges including amortization. The more usual method of serial repayment provides for increased amortization as the amount outstanding decreases, so that for any given bond issue the combined interest and amortization payments remain constant so long as any portion of the original loan is outstanding.

Table 24 gives a more comprehensive view of total municipal debt, comprising all cities and other incorporated urban areas with a population of over 2,000 in 1937; the combined debt of these units is approximately 90% of the total for all municipalities in the country.

With a few notable exceptions municipal debts, in contrast with Dominion and provincial debts, have not increased during the last seven depression years. Severe retrenchment has been necessary in a number of cases, and although relief costs have been a heavy burden for some centres, four-fifths of the total cost has been met by senior governments. The cities with a considerable increase in debt since 1930 are those in which unemploymemt was concentrated, and where the cost of even 20% to 30% of total relief expenditures threw municipal budgets badly out of balance. Even in those cases, however, there have been some reductions in net debt since 1934, particularly in Ontario.

On the other hand, debt charges have increased somewhat for nearly all urban areas, and notably those with large

relief borrowings. This is largely a matter of increased amortization payments. Interest charges, as distinct from total debt charges made up of interest and amortization, have increased only in a comparatively small number of municipalities in which increased borrowing has been necessary and possible, but where a weak credit position made it impossible to take advantage of the prevailing low interest rates. The increase in total debt charges has contributed to the need for economies in other expenditures, already discussed.

Table 23. Funded and Floating Debt (combined) of 36 large cities and other urban areas, excluding debt of public utilities but including schools.

$000,000

| | 1930 | 1932 | 1934 | 1937 | Net change 1930-37 |
|---|---|---|---|---|---|
| | A. Gross Debt | | | | |
| Montreal (a) | 241.8 | 290.4 | 322.2 | 336.9 | + 95.1 |
| Toronto | 92.0 | 107.2 | 106.8 | 98.9 | + 6.9 |
| Vancouver | 67.1 | 73.9 | 72.0 | 71.4 | + 4.3 |
| Winnipeg (b) | 32.0(f) | 37.1 | 37.3 | 41.7 | + 9.7(f) |
| Windsor (c) | 27.3 | 26.9 | 25.8 | 27.8(g) | + 0.5(g) |
| Hamilton | 22.9 | 28.0 | 27.1 | 23.1. | + 0.2 |
| 15 other units(d) each with greater debt in 1937 than in 1930. | 125.9 | 141.3 | 151.7 | 155.4 | + 29.5 |
| 15 other units(e) each with less debt in 1937 than in 1930 | 143.9 | 146.9 | 139.5 | 122.4 | - 21.5 |
| Total for 36 units, | 752.9 | 851.7 | 882.4 | 877.6 | + 124.7 |
| Total Excluding Montreal | 511.1 | 561.3 | 560.2 | 540.7 | + 29.6 |

| | 1930 | 1932 | 1934 | 1937 | Net change 1930-37 |
|---|---|---|---|---|---|
| **B. Net Debt** (Gross Debt less Sinking Funds) | | | | | |
| Montreal (a) | 218.1 | 263.5 | 291.8 | 292.0 | + 73.9 |
| Toronto | 79.9 | 94.8 | 93.3 | 83.0 | + 3.1 |
| Vancouver | 55.4 | 60.7 | 58.7 | 57.4 | + 2.0 |
| Winnipeg (b) | 16.2(f) | 20.3 | 17.7 | 22.3 | + 6.1(f) |
| Windsor (c) | 27.2 | 26.8 | 25.8 | 27.7(g) | + 0.5(g) |
| Hamilton | 20.7 | 26.2 | 27.0 | 23.0 | + 2.3 |
| 15 other units (d) each with greater debt in 1937 than in 1930 | 105.8 | 118.4 | 127.2 | 124.9 | + 19.1 |
| 15 other units (e) each with less debt in 1937 than in 1930 | 109.3 | 111.1 | 107.7 | 97.4 | - 11.9 |
| Total for 36 units | 632.6 | 721.8 | 749.2 | 727.7 | + 95.1 |
| Total excluding Montreal | 414.5 | 458.3 | 457.4 | 435.7 | + 21.2 |

Source: Compiled chiefly from the annual "Red Books" of the Citizens' Research Institute of Canada, with some adjustments to secure comparability.

(a) Including debt incurred in respect of the waterworks, which is not reported separately; the book value of the waterworks was between $45 and $50 million in the years in question.

(b) Including the City's share of the net funded debt of the Greater Winnipeg Water District, serviced from taxation - a contingent liability of Winnipeg.

(c) Including the former Windsor, East Windsor, Sandwich and Walkerville.

(d) Victoria, Calgary, Edmonton, Ottawa, London, Fort William, Port Arthur, Sault Ste. Marie, Peterborough, Brantford, Kitchener, St. Catharines, Oshawa, Outremont and Westmount.

(e) New Westminster, Regina, Saskatoon, York township, Quebec, Verdun, Three Rivers, Sherbrooke, Hull, Lachine, (including public utilities), Halifax, Sydney, Saint John, Moncton and Charlottetown.

(f) Floating debt for 1930 not available; the true net increase 1930-37 is therefore somewhat less than that shown. For 1932-37 the increase was only $4.6 million in gross debt and $2.0 million in net debt.

(g) Exclusive of $5.3 million of unpaid interest on debenture debt.

Table 24. Funded and Floating Debt (combined) of all urban areas (h) with over 2,000 population excluding debt of public utilities, but including schools.

| | $000,000 | | | | | |
|---|---|---|---|---|---|---|
| | 1930 | | 1937 | | Net change 1930-37 | |
| | Gross | Net | Gross | Net | Gross | Net |
| Montreal (a) | 242 | 218 | 337 | 292 | + 95 | + 74 |
| Toronto | 92 | 80 | 99 | 83 | + 7 | + 3 |
| Vancouver | 67 | 55 | 71 | 57 | + 4 | + 2 |
| Winnipeg (b) | 32(f) | 16(f) | 42 | 22 | + 10(f) | + 6(f) |
| Windsor (c) | 27 | 27 | 28(g) | 28(g) | + 1(g) | + 1(g) |
| Hamilton | 23 | 21 | 23 | 23 | 0 | + 2 |
| 15 areas(d) with over 10,000 population | 126 | 106 | 155 | 125 | + 29 | + 19 |
| 15 other areas(e) with over 10,000 population | 144 | 109 | 122 | 97 | - 22 | - 12 |
| 37 other areas(j) with over 10,000 population | 89 | 74 | 80 | 66 | - 9 | - 8 |
| 226 areas with population of 2,000 to 10,000 (j) | 130 | 120 | 130 | 115 | 0 | - 5 |
| Grand Total, 299 municipal units, | 972 | 826 | 1,087 | 908 | +115 | +82 |
| Total excluding Montreal | 730 | 608 | 750 | 616 | + 20 | + 8 |

Source and Notes (a) to (g) - See Table 23.

(h) Comprising all such areas listed in the 1938 Red Book of the Citizens'Research Institute, except a few for which comparable figures for 1930 and 1937 were not obtainable. Includes some but not all suburban municipalities.

(j) Includes debt of public utilities in a number of cases, chiefly Quebec towns.

## Part IV Municipal Revenues

### 1 Nature of Municipal Revenues

In 1922 municipal expenditures were more than twice as great as provincial expenditures; the latter have increased much more rapidly than the former, but in 1935 net municipal expenditures (excluding provincial grants and public utilities) were still somewhat greater than net provincial expenditures. These figures include total respective direct relief costs, whether or not funded, in each case. While between 85 and 90% of such municipal expenditures are financed by taxation, chiefly real property taxes, about two-thirds of provincial revenues (excluding Dominion subsidies) was derived from the entire field of direct taxation open to the provinces, which in practice means all forms of direct taxation other than a real property tax, since the provinces for the most part voluntarily withhold from the latter field of taxation.

In magnitude, then, for the country as a whole municipal finance is more important than provincial, and municipal taxation much greater - actually in 1935 about twice as large.

Property taxation is second only to the poll tax in antiquity, and in one form or another is the normal means of raising money for local government purposes in nearly all countries. Since their first introduction into the provinces of Canada property taxes have tended more and more to be restricted to taxes on the capital value (or some proportion thereof) of real property only. Quebec has never known a general personal property tax, and only in the Maritimes is it an important source of municipal revenue. In Ontario the Assessment Act of 1904 substituted a business tax for the personal property tax, and in many cases in the Prairie Provinces the disappearance of the personal property tax (by statute or by voluntary action of the municipalities) was

likewise accompanied by imposition of a business tax. This is in a sense a real property tax confined to the occupiers of non-residential buildings. There has never been a business tax in British Columbia, and no personal property tax for many years.

Much of this Part will necessarily be concerned with various aspects of real property taxation. As a matter of convenience other taxes and municipal revenues will be dealt with first.

Apart from the tax on real property the most common form of taxation in Canadian municipalities is the business tax. It is imposed on the occupant of premises used for carrying on any trade, profession or calling (except agriculture) in all the provinces except British Columbia and Prince Edward Island, while in Nova Scotia and New Brunswick it exists only in the cities of Halifax and Saint John, respectively. The basis of the tax varies. In Ontario and in Halifax and Saint John it is imposed as an annual rate on a percentage of the assessed valuation of the premises. In Quebec and Manitoba the tax, where imposed, is a rate on the annual rental value of the premises. In Saskatchewan it is a rate per square foot of space occupied, while in Alberta the basis may be either the annual rental value or the floor space occupied. Generally the rate or the taxable percentage of the assessed valuation varies with different types of business. Other variations are introduced by provincial legislation, particularly where cities are governed by special charters as in Quebec, Manitoba, Alberta and the Maritime Provinces.

The business tax is a tax on the occupancy of real property. Similar taxes include the household tax in Halifax, imposed as an annual rate on a percentage of the assessed valuation of the real property occupied; the water tax in Montreal, which is a rate on the rental value of the premises; and the rental tax in Medicine Hat, Alberta, which is also a rate on the annual rental value of the occupied premises.

Quebec statutes also empower municipalities to impose a tax on tenants.

While the business tax has generally tended to supersede the personal property tax, legislation authorizing the imposition of personal property taxes, subject to exceptions and variations, exists in all the provinces except Ontario. This form of taxation, although resorted to elsewhere, is now largely confined to the Maritime Provinces.

Poll taxes may be imposed in all the provinces but where they are actually levied the yield is relatively negligible. Municipal income taxes are levied in the Maritime Provinces and in the metropolitan area of Montreal, while Ontario municipalities tax the income of corporations which are not subject to the business assessment or, if so subject, that portion of their income which is not derived from their business. A municipal sales tax is imposed in the Montreal metropolitan area. Public utilities, banks, and some other corporations are generally subject to special taxes in all the provinces.

The general trend, with few exceptions, is to restrict municipalities to the taxation of real property, businesses and special franchises. The three Maritime Provinces, however, still retain a more varied tax base: they impose a poll tax and assess realty, personalty and income. In Nova Scotia and in New Brunswick the tax rate is struck by setting off the estimated collections from poll taxes and other fixed taxes against estimated expenditures and apportioning the remainder to the rateable property and income. Certain variations are introduced by city charters: Halifax, for example, assesses neither personalty nor income, while Saint John levies a special tax in lieu of a poll tax.

The more varied sources of tax revenues are mainly confined to the larger urban municipalities, but even in the cities the predominance of realty taxes is undisputed, as shown in Table 25. The proportion for Montreal is distorted by the

so-called "water tax and metered rates" - really a public utility service charge which is related, however, to the assessed rental value of the premises occupied.

All municipalities are empowered to license a wide variety of trades, occupations and activities. The classes of licences issued vary widely. In some municipalities they are few: in Vancouver, on the other hand, in the absence of power to impose a business tax, every business and profession is licensed. Theoretically, such licences are fees measuring the cost of services or benefits rendered to the licensee or the cost of regulation by the municipality. The need for additional revenues, however, has in many cases led to an increase in the rates charged and the licences have thereby assumed the nature of taxes, the rates far exceeding a reasonable fee for the cost of the service or benefit rendered or the cost of regulation. The necessity of resorting to licence taxes rather than to licence fees again tends to establish the inelasticity of the municipal revenue system.

The costs of certain municipal services are met in part by grants from the provincial government. These include grants for school purposes, for highway purposes, for unemployment relief, for hospitalization and for other social services. The practice in this connection and the division of the costs of the services between the provinces and the municipalities, varies in the different provinces, as outlined in Part III herein. In Ontario, since the abolition of the municipal income tax in 1936, the province has paid an annual subsidy to all municipalities equivalent to one mill in the dollar on the rateable property, the subsidy to be passed on to the taxpayer in the form of a reduction in the tax rate.

In three provinces the practice of sharing certain specific revenues with the municipalities is in effect. In Quebec the provincial amusement tax is collected by the municipalities which retain one-half of the gross proceeds. British Columbia shares the revenue from motor licences with

the municipalities: until 1933 it also shared with them the proceeds of pari-mutuel taxes and of liquor profits. Ontario distributes a minor portion of its receipts from railway taxes among the municipalities in proportion to population. While the policy of aiding local finances through state-administered and locally-shared taxes has been gaining ground in the United States, in Canada it is still confined to the three foregoing instances.

Table 25. Municipal Revenues from Taxation
Montreal, Toronto, Winnipeg, Vancouver

| | $000 | % of Total |
|---|---|---|
| MONTREAL - (1936-37) | | |
| Real Property Taxes | 23,976 | 60 |
| Water Tax and Metered Rates | 6,923 | 17 |
| Sales Tax | 3,460 | 9 |
| Business Tax | 2,497 | 6 |
| Surtax of 8% (a) | 1,742 | 4 |
| Income Tax | 1,275 | 3 |
| Total Tax Revenue (b) | 39,873 | 100 |
| TORONTO - (1937) | | |
| Real Property Taxes | 29,056 | 88 |
| Business Tax | 3,824 | 12 |
| Corporation Income Tax | 130 | |
| Total Tax Revenue | 33,010 | 100 |
| WINNIPEG - (1937) | | |
| Real Property Taxes | 8,182 | 89 |
| Business Tax | 790 | 9 |
| Franchise and Other Taxes | 244 | 2 |
| Total Tax Revenue | 9,216 | 100 |
| VANCOUVER - (1937) | | |
| Real Property Taxes | 9,764 | 99 |
| Poll Tax | 122 | 1 |
| Total Tax Revenue | 9,886 | 100 |

(a) Applies to all real estate and personal taxes except the school tax, special assessments on real estate, the sales tax and the income tax.

(b) Excluding special franchises and public utility contributions.

The principal non-tax revenues of municipalities are licences, administrative receipts, court fines and fees, rentals, and, in some cases, public utility earnings and franchises, these sources of revenue being more numerous and more varied in urban than in rural units. In a number of municipalities, especially in western Canada, the surplus earnings of public utilities serve to reduce taxation.

2. Taxation of Real Property

Apart from the business tax in its aspect as a tax on real property, there are three classes of real property taxation - frontage taxes, special rates, and rates for general municipal purposes. The first is really a form of instalment buying of "local improvements". A proportion of the cost of streets, sidewalks and sewers is charged against the property-owners affected, and liquidated by frontage taxes over a period of years. Varying proportions of the total cost are borne by the municipality at large. Special rates are levied on all property-owners for various purposes in different municipalities, including schools, parks, police, and in some cases to meet the debt charges of water boards, such as the Greater Winnipeg Water District. In each municipality, after special rates have been levied, and other tax and non-tax revenues estimated, the balance of budget expenditures of all kinds is raised by the general municipal rate on real property.

Except for the special case of frontage taxes, real property taxation in Canada consists of a levy on the capital value of the property affected, or some proportion of such value, as determined by municipal assessors (subject to appeal to various kinds of boards of review, and in most cases to the courts). In all provinces land is assessed at its full value, and likewise improvements in the five eastern provinces; in the Prairie Provinces all farm buildings are wholly exempt, and other buildings and improvements are assessed at from 50% (or occasionally less) to 66-2/3% of value, depending on the province and the category of municipality; in British Columbia improvements are assessed at their "actual cash value" but are only taxable on a proportion not exceeding 75% for cities and districts and 50% in villages. In all cases the basis of assessment is the "actual value" or "fair value" or some synonymous term such as the value at which the property would be appraised "in payment of a just debt due from a solvent

debtor," in the words of an Upper Canada statute of 1850.

The rate levied on the assessment so obtained is frequently subject to a statutory limitation, but usually without practical effect. In the Maritimes there are no such limitations, although some municipalities are limited as to specific expenditures. Tax limitations in other provinces are usually qualified by exemption of taxation for school and debenture purposes, and sometimes for local improvements, police, parks, water, and provincially-imposed expenditures such as hospital aid, etc. The actual limits vary widely from province to province. Tax rates also vary widely from province to province and within each province, and valid comparisons could only be made after detailed study of differences in assessment law and assessment methods. For the same reasons a statement of total assessment in each province is likely to be misleading, except for the purpose of noting trends in property values, the basis of municipal finance (see section 3).

Certain properties are exempt from the tax on real estate in all municipalities. They normally include Crown property, the property of the municipality, the property of churches, hospitals, cemeteries, charitable and educational institutions, and a variety of properties specially exempt in particular provinces and municipalities, such as the property of new industries exempted in whole or in part for a number of years; the property of railways; certain types of fixed machinery; dwelling houses assessed at less than a certain amount partially exempted on a graded scale as in the city of Toronto; and the property of agricultural and certain other societies.

The ratio of the value of exempted properties to the total assessed valuation varies in different provinces and in different municipalities. Table 26 shows the ratios in the provinces of Nova Scotia, Quebec and Ontario, indicating that they are higher in urban than in rural municipalities and that

Table 26 - Assessed Valuation and Exemptions in Nova Scotia, Quebec and Ontario

| | $000,000 | | |
|---|---|---|---|
| | 1921 | 1930 | 1935(a) |
| Halifax - A. Realty Assessment | 48.0 | 47.4 | 47.8 |
| B. Total exemptions (not included in A.) | 30.6 | 41.6 | 39.2 |
| C. Ratio of B. to A. | 64% | 88% | 82% |
| Other Nova Scotia Municipalities | | | |
| A. Realty Assessment | 90.3 | 92.3 | 89.4 |
| B. Total exemptions (not included in A.) | 6.6 | 6.2 | 7.3 |
| C. Ratio of B. to A. | 7% | 7% | 8% |
| Quebec - Cities and Towns | | | |
| A. Realty Assessment | 1,146 | 1,927 | 1,636 |
| B. Total exemptions (not included in A.) | 422 | 580 | 634 |
| C. Ratio of B. to A. | 37% | 30% | 39% |
| Other Quebec Municipalities | | | |
| A. Realty Assessment | 458 | 524 | 510 |
| B. Total exemptions (not included in A.) | 67 | 88 | 104 |
| C. Ratio of B. to A. | 15% | 17% | 20% |
| Ontario - Cities | | | |
| A. Realty Assessment | 1,131 | 1,604 | 1,569 |
| B. Total exemptions (not included in A.) | 224 | 324 | 376 |
| C. Ratio of B. to A. | 20% | 20% | 24% |
| Other Ontario Municipalities | | | |
| A. Realty Assessment | 1,007 | 1,156 | 1,127 |
| B. Total exemptions (not included in A.) | 186 | 185 | 212 |
| C. Ratio of B. to A. | 19% | 16% | 19% |

(a) 1936 for Quebec, 1934 for Ontario.

they have generally tended to rise since 1921. For the provinces shown, the higher ratio since 1930 reflects increases in the amount of exempted properties somewhat more than declines in total property values. The abnormally high ratio of exemptions in Halifax is the result of the existence there of much Dominion government property, including the National Harbours Board and the Canadian National Railways, such properties constituting more than one-half of the total exemptions. The city of Esquimalt in British Columbia offers another instance of a high ratio of exemptions owing to the large proportion of properties owned by the Dominion government. In Moncton, New Brunswick, the property of the Canadian National Railways accounts for the large proportion of tax-exempt real estate. In Montreal and in Vancouver the National Harbours Board owns substantial properties.

Table 27 analyzes the tax-exempt properties in the cities of Saskatchewan, the city of Montreal, and the city of Winnipeg, respectively. It will be noted that in each case the properties owned by the Dominion government (including the Canadian National Railways), the provincial government, and the municipal government (including schools), together constitute between 70% and 75% of the total exemptions.

3. Trends in real property assessment and taxation

Table 28 illustrates the trend in taxable assessment of real property in recent years. Increases accompanying expanding prosperity in the twenties have been followed by decreases reflecting the severe and prolonged economic depression of the thirties. The trend is still downwards, despite business improvement since 1933; this is partly because assessments lag behind changes in values, and partly because real property has not shared fully in the economic improvement of the past few years. The basic source of municipal revenue has thus continued to decrease while total expenditures have almost continuously increased, or at the most decreased very slightly.

Table 27. Analysis of Exempted Properties in Montreal, Winnipeg, and Saskatchewan Cities.

| $000,000 | 1926 | 1936-37 |
|---|---|---|
| **Montreal** | | |
| Dominion government | 45.8 | 56.5 |
| Provincial government | 10.0 | 11.7 |
| City properties | 74.2 | 103.2 |
| Schools | 55.3 | 60.9 |
| Religious and charitable | 55.4 | 72.4 |
| Other | 14.0 | 14.0 |
| Total | 254.7 | 318.7 |
| **Winnipeg** | | |
| Railway companies | 15.1 | 13.2 |
| Dominion government | 2.8 | 4.6 |
| Provincial government | 6.3 | 5.4 |
| Educational institutions | 7.1 | 7.4 |
| Religious and charitable | 4.4 | 3.6 |
| General city properties ) | 7.5 | 8.0 |
| City tax-sale properties) | | 7.6 |
| Other | 1.9 | 2.2 |
| Total | 45.1 | 52.0 |

| Saskatchewan Cities, 1935 | Land | Improvements | Total |
|---|---|---|---|
| Railway companies | 4.6 | 2.3 | 6.9 |
| Dominion government | 0.8 | 1.7 | 2.5 |
| Provincial government | 1.5 | 5.2 | 6.7 |
| Educational institutions | 1.8 | 4.4 | 6.2 |
| Churches and charities | 1.0 | 2.5 | 3.5 |
| General city properties | 3.8 | 2.1 | 5.9 |
| City tax-sale properties | 12.4 | 0.4 | 12.8 |
| Other | 0.4 | 1.0 | 1.4 |
| Total | 26.3 | 19.6 | 45.9 |

----------0----------

The decline in assessments has not been nearly so serious in Eastern Canada as in the West, although there appears to have been a sharp rise and fall in Quebec, and a most unreal maintenance of assessed values in Saskatchewan. Figures for the tax levy on real property for the country as a whole are not available; total real property tax receipts increased from $199 million in 1922 to $259 million in 1930 and declined to $248 million in 1934 and 1935. Having regard to the great increase in tax arrears and the decreases in assessments, it is evident that the ratio of taxes to assessment for those paying taxes has somewhat increased, and the burden of such taxation in relation to incomes, and particularly to revenues from real property, has increased still further.

Table 28. Assessed value of taxable real property, index numbers to the base 1930=100

| | | 1921 | 1925 | 1930 | 1936 |
|---|---|---|---|---|---|
| Prince Edward Island | (2 towns only) | 73 | 81 | 100 | 110 |
| Nova Scotia: | cities and towns | 99 | 100 | 100 | 101(a) |
| | other municipalities | 99 | 101 | 100 | 92(a) |
| New Brunswick | not available | | | | |
| Quebec: | all municipalities (estimated) | 65 | 74 | 100 | 87 |
| Ontario: | cities | 70 | 84 | 100 | 98 |
| | other municipalities | 87 | 93 | 100 | 97 |
| Manitoba: | cities | 100 | 101 | 100 | 84 |
| | suburban | 147 | 135 | 100 | 82 |
| | other | 138 | 110 | 100 | 87 |
| Saskatchewan: | cities | 95 | 88 | 100 | 96(a) |
| | other (c) | 98 | 98 | 100 | 97(a) |
| Alberta: | urban | 108 | 83 (b) | 100 | 86 |
| | rural | 115 | 94 (b) | 100 | 87 |
| British Columbia: | cities | not comparable | | 100 | 88 |
| | districts | " | " | 100 | 90 |

(a) 1935
(b) 1927
(c) It is clear that assessments as shown have not followed property values in Saskatchewan.

Table 29 - Municipal Revenues, all Provinces Combined (a)

$000,000

| | 1913 | 1922 | 1930 | 1933 | 1935 |
|---|---|---|---|---|---|
| Taxation | | | | | |
| Real Property | 87.1 | 198.8 | 259.2 | 255.1 | 247.9 |
| Personal Property and Business Tax | 4.8 | 13.2 | 17.5 | 17.2 | 17.4 |
| Income Tax | 0.9 | 5.1 | 5.9 | 4.6 | 4.7 |
| Other | 0.2 | 0.9 | 1.6 | 0.8 | 3.7 |
| Total Taxation | 93.0 | 218.0 | 284.2 | 277.7 | 273.7 |
| Fees, Fines, Licences and Miscellaneous | 14.5 | 32.2 | 37.4 | 40.0 | 38.6 |
| Provincial Grants (b) | 3.4 | 11.4 | 18.1 | 16.3 | 14.4 |
| Total non-tax revenue | 17.9 | 43.5 | 55.5 | 56.3 | 53.0 |
| Total municipal revenue | 110.9 | 261.6 | 339.7 | 334.0 | 326.7 |

(a) Including school revenues
(b) Chiefly grants to schools

SOURCE: Brief of the Citizens' Research Institute of Canada, Summary Chart E.

There has been a tremendous increase in tax arrears since 1930. The position in 1935 is shown in Table 30. It is not possible to confine the figures to real property taxes, but as already indicated these constitute from 80% to 90% of total taxation.

Table 30 - Ratio of Accumulated Tax Arrears (a) to One Year's Tax Levy or Receipts, 1935.

| | | | |
|---|---|---|---|
| Nova Scotia | - cities and towns | about | 70% |
| | other municipalities | " | 115% |
| New Brunswick | - cities 1936 | " | 65% |
| Ontario | - cities 1936 | " | 35% |
| | other urban units 1936 | " | 50% |
| | rural municipalities 1936 | " | 60% |
| Manitoba | - cities and suburbs | " | 180% |
| | rural municipalities | " | 215% |
| Saskatchewan | - urban units | " | 200% |
| | rural municipalities | " | 340% |
| Alberta | - cities 1936 | " | 200% |
| | towns (b) 1936 | " | 220% |
| | rural (b) 1936 | " | 240% |
| British Columbia | - cities | " | 125% |
| | districts | " | 160% |

(a) Including tax-sale properties and certificates, and without deduction of reserves set up by some municipalities out of revenue.
(b) Not including school taxes or arrears.

It is clear that the real tax base has been dwindling in the face of taxation which, whatever the cause, a number of property-owners have been unable or unwilling to pay. The mounting tax arrears have resulted in a considerable increase in tax-sale properties owned by the municipalities; such properties have ceased to be tax-sources, and by the same token taxation of other properties has to be increased if the same total revenue is to be obtained. It should be noted that part of the apparently more serious position of western municipalities arises from local conditions, namely, as a result of the inevitable deflation following the pre-war real estate boom and excessive municipal expansion, including the provision of streets and sewers for large areas which still remain vacant. The depression completed the purge which had been going on since 1913; a large proportion of such lands has now reverted to the municipalities and constitutes the major portion of tax-sale and tax-title properties of the western cities. In recent years, however, there have been an increasing number of improved properties also abandoned by their owners in lieu of taxes.

4. Inadequacy of municipal revenues and defects of present municipal tax methods and tax burdens

Previous discussion has indicated that for a number of municipalities, particularly cities, (excluding the special case of the drought areas) municipal revenues have been insufficient to meet present-day expenditures including relief. In most municipalities except cities, however, over-all deficits or net increases in debt of any large size have been avoided, but even in these there has had to be substantial and frequently drastic economy, notably with respect to schools, and existing revenue sources have been put to a considerable strain. Revenue comes preponderantly from real property taxation, which for the country as a whole has been required to produce twice as much money as all provincial taxes combined.

It cannot be denied that real property is and will remain a fairly stable and very productive source of revenue, and will probably always continue to be the mainstay of municipal finance. The difficulty lies in the undue size of the amounts that, under existing conditions, must be raised in separate local areas, and therefore, in the nature of the case, largely by taxation of real property. The solution must be found mainly either in a shifting of some existing municipal functions to other units of government, or in a redistribution of provincial revenues among the municipalities. (see Part V).

Taxation of real property is by far the principal source of municipal revenue, for such a tax is pre-eminently suited to municipal conditions, if the type of expenditure to be met permits the establishment of a fairly uniform and stable tax rate. Real estate forms a large portion of the assets of a community; it derives its value in large part from the economic development and status and general growth of the municipality; it is located within, and is not removable from, a single locality. More important is the fact that the essential municipal functions, those most local in character, are directly advantageous to real property, both residential and business, and affect its value. Taxation is in large part a method of payment for certain benefits which each property-owner could scarcely obtain by his individual efforts and which accordingly are provided through the community government; police and fire protection, the provision of streets, sewerage and drainage and parks, are obvious examples. Again, the tax on real estate is more suitable than others for local administration - in fact it is the only major tax that is appropriate. Income, sales and succession taxes all require much larger areas than municipalities if great disparities between rates in adjoining areas and wholesale evasion are to be avoided. Finally, since rents must in the long run pass on the tax to the actual occupiers of property, the tax is paid by all householders and business

undertakings and indirectly by all income earners even though, as in Canada, it is nominally levied against the owner (rather than the occupier) and measured in relation to capital value.

The anomalies and inequities arise really from excesses and failure to restrict local taxation to related local expenditures. Latent in every real property tax is the regressive character of bearing more heavily, in relation to total income, upon the poorer members of the community. This becomes a serious matter, by contrast to the modern theory that taxation should be based on capacity to pay, when the magnitude of such taxation is as great as it is today - when the total tax is often 50% or more of rents actually obtained, or which could be obtained in the case of owner-occupiers.

The question whether real estate taxation at present levels is inequitable, because one form of wealth and income is singled out for heavier taxation than others, is frequently raised and is very difficult to answer. In 1930 about 40% and in 1935 about 35% of all taxation in Canada came directly from (i.e. was levied against) real property, while income from real property was taxed along with all other kinds of income by all the other taxes. There are two replies to arguments based on such facts. The first is that virtually all real property taxation is municipal, and that the bulk of properly municipal expenditures directly or indirectly confer monetary value upon the property taxed. It is true, however, that under present conditions the expenditures for social services and part of educational expenditures do not have much more relation to the actual property taxed, i. e. the property within the municipality or school district in which the expenditure is required to be made, than general provincial expenditures.

Secondly, in the long run real property taxes, like all others except income taxes, are passed on to the whole population considered as consumers, i. e. in the present case to the occupiers of property who constitute the inhabitants of the

municipality. Real property values must adjust themselves to taxation as to all other factors, and real property will yield on the average the same net return as any other investment. This is a very long-term process, however, and particularly in the case of real property. Supply and demand for homes and business properties do not and cannot adjust themselves rapidly. Moreover it is possible, though no reasonably approximate figures can be obtained, that the trend of taxation has been continuously upward, relative to all other economic factors, for the past thirty or forty years and that real property has never been completely adjusted to the changes even over such a long period. Of more practical importance, however, is the fact that whatever may be true of the long-term position, within shorter periods considerable distortions and injustices may occur. On the one hand, the real incidence of the tax varies widely between owner and tenant, and exaggerates inequalities between tenants and owner-occupiers, first in one direction and then in the other. This would not be nearly so serious if real property taxation were only half as great as it is, but at present levels there is the further cyclical effect in time of depression of virtually confiscating, for a period of several years or more, the revenue-value of property. Furthermore, under present conditions of municipal finance there has been a heavy increase in the real burden of taxation, even if not in the money amount, for rents and property values have fallen while taxation has either remained fixed or, in many areas, has been increased. It is the change which creates the difficulties, and whatever be the case in the long run there is no doubt that in recent years local taxation has put an undue burden on real property - both on homeowners and on owners who are not occupiers. In other words, persons who have the bulk of their wealth in real estate (thus including a large proportion of the poorer classes as well as others) have borne a greater part of the necessary increase in the real burden of government expenditures than others with other forms of property.

A consequence of these short-term effects with present levels of taxation is a development which threatens in many cases to be permanent, unless taxation is adjusted. As property values depreciate the real burden of taxation increases; in times of economic depression and high taxation the effect is to reduce the net revenue from the property to the vanishing point, thus causing further depreciation in the value of the property. This again depends in large degree on the psychological factors affecting value. A confiscatory level of taxation appears to have a much greater relative influence in this connection than a moderate level which still leaves some margin of profitability. The effects at present may be seen in the continued low level of real property values in all but a few areas, and in the continued increase in tax arrears with consequent forfeiture of property. One of the virtues of the property tax is its relative stability, and the fact that even in hard times property-owners can and will continue to pay the same or nearly the same taxes rather than give up their property. This virtue is obviously seriously impaired when taxation is so high as to contribute to a continued downward spiral in values and impede new building, as well as to cause properties to be abandoned instead of held.

Aside from possible undesirable economic effects of high realty taxation (6) and discrimination against property-owners as a class, there are other objections to the present method of taxation in its differential effects on different groups of owners, whatever the rate of taxation. The chief of these arises from taxing capital instead of revenue.

---

(6) A very high rate of real estate taxation will eventually be completely discounted in the capital value of property, and as long as the tax rate remains stable, investment in real estate will presumably be as profitable as any other form of investment. High real estate taxation may, nevertheless, have certain profound and undesirable economic effects on consumption and living habits; that is, people will, on the average, reduce their standards of housing requirements and divert their expenditures to less heavily taxed goods and services which they feel give them more value for their money.

Under the present system, the owner of rentable property who does not succeed in finding a tenant pays the same tax as the owner of rented property, in any given year. Though eventually rental value will influence capital value and assessment, and thus the annual tax, the mere fact of presence or absence of income has no bearing on liability to taxation. In periods of over-supply of real property, a number of people are thus faced with loss or severe reduction of revenue, while their taxes remain virtually unchanged. This inequitable disproportion between income and taxes, and of the ratio of taxes to income as between different but comparable properties, is the source of much of the present criticism of real property taxation. The time-lag between reductions in actual rents obtained and reductions in capital values, and the further lag in securing a reduction in assessments based on capital value, have resulted in a number of extreme cases where for several years taxation has exceeded total revenue from real property.

The alternative method sometimes suggested is to levy taxes against the occupier rather than the owner, and to base taxation on rents paid, or rental value in the case of an owner-occupier. The chief objections to such a system are that municipal revenue with a given tax-rate would be much less stable (since rents fluctuate more than capital value) and that it would accordingly be necessary to adjust tax-rates to every change in the general level of rents; that it is undesirable to exempt unoccupied land held for speculative purposes; and that the administrative difficulties would be very great - a close check would have to be kept on all rents to see whether they corresponded to real rental value, and collecting taxes from all occupiers would be considerably more difficult than collecting from owners whose property is liable to forfeiture if there is default in payment of taxes.

The real intention of the suggested new system is to relate taxation of real property more closely to income from real property. A compromise solution might be found to accomplish this end without incurring new difficulties by levying the tax against the owner but in relation chiefly to revenue rather than capital value, qualifying the exemption of unoccupied property (whether or not built upon) by a minimum tax in proportion to capital value, to be paid by all owners. This might mean in practice, in its simplest form, following the present method, with more frequent assessments, and providing a rebate of a part of the tax in proportion to the loss of income resulting from lack of normal occupation. Tax-rates would necessarily fluctuate, but actual taxation of occupied property would not vary greatly from year to year. For real property as a whole, tax-rates would rise as rents declined, total taxation being fairly stable, but the burden of taxation at any time would be chiefly borne by those most able to pay, that is, those receiving revenue (or its equivalent in the case of owner-occupiers) from real property, and in proportion to that revenue.

Another proposal, aimed at redressing the regressive feature of present real estate taxation, is to fix a lower tax rate on properties of low valuation. In this respect the provisions of the Ontario Assessment Act (Revised Statutes of Ontario, 1937, c. 272) are worthy of note: with the assent of the electors qualified to vote on money by-laws, the council of a city, town or village may tax dwelling-houses valued at less than $4,000 on only a percentage of the assessed valuation, as follows:

50% if the assessed valuation is less than $2,000;
60% between $2,000 and $2,500;
70% between $2,500 and $3,000;
80% between $3,000 and $3,500;
90% between $3,500 and $4,000.

The city of Toronto and the town of New Toronto have given effect to this provision. Whether this would be a desirable general

principle or not will obviously depend principally on the rate of progressivity of the income tax, and the resulting curve of the tax system as a whole - a subject on which we have little precise information.

Equity also requires a reconsideration of the policy relating to exemptions from municipal taxation. The statistical tables herein have shown the trends in tax exemptions and the large proportion thereof attributable to Dominion and provincial government properties. The effect of such exemptions is to impose a proportionately greater tax burden on non-exempt properties. Since all properties benefit from municipal services, exemptions should be carefully restricted with a view to spreading the tax burden over a wider area. In particular, a uniform policy relating to government-owned properties and distinguishing between ordinary properties and government business enterprises merits serious consideration, but, in this connection, municipalities must have regard to the economic benefit derived from the location of certain government properties within their area.

Another feature of present realty taxation may be mentioned. There is no uniformity in assessment principles and practices as between different municipalities in Canada or even different municipalities in the same province. While the valuation of property for taxation is necessarily in part subjective, the lack of application of scientific methods has frequently resulted in the fixing of arbitrary and inequitable valuations by local assessors acting without supervision. Furthermore, experience establishes the fact that once an assessment is fixed it is difficult to effect an adjustment to meet new conditions. The tax becomes rigid. This is apparent in the case of buildings which have become obsolete, such as old residences in an area which has degenerated, and improvements which have become less suitable for the purpose for which they had been erected, and in the general tendency to disregard changes in the actual or potential income-bearing capacity of properties.

## Part V Conclusion

A number of the municipal problems discussed in this study are present in only a comparatively small number of individual municipalities, or in special regions. The overlapping, inefficiency, inequalities and distorted urban development resulting from the existence of a number of separate entities within a single metropolitan area affect perhaps a dozen different groups of interdependent municipalities, although the number of persons involved is nearly a third of the country's population. If practicable, merger of municipalities in such an area, or a high degree of co-ordination of services and equalization of costs, would remove the particular difficulties in question. The drought areas present an even more specialized problem, not amenable to remedy by any general scheme affecting municipalities as a whole, but requiring special treatment and capable of being dealt with apart from more general municipal problems.

As indicated previously, unemployment relief (outside of the drought areas) also affects predominantly a few municipalities, but to a less degree it is also a country-wide municipal expenditure. It is the outstanding example of a class of present municipal functions whose nature, and the expenditures required, depend upon far more than local factors, and which are of more than local concern. Most municipalities seem to have been able to finance such activities more or less out of current revenues (though with wide variations in relative costs and standard of services provided) but a number of important urban units have not. The essence of the problems raised appears to be the high degree of inequality between municipalities with respect to the ratio of cost to total financial resources - inequality which is unjustified so far as the governmental functions in question are of general provincial or Dominion concern.

Within limited areas there could be some measure of equalization by a merger of individual units, as for instance in the case of metropolitan areas, some rural municipalities, and a large number of rural school districts. The major part of the problem would still remain, however, requiring some kind of general treatment on a province-wide scale. The inequalities mentioned could be overcome or greatly lessened by a re-division of functions as between province and municipalities - which in effect means the assumption by the province of functions which are now wholly or partly municipal - or by greater provincial grants to municipalities in accordance with some criterion of needs, or by a combination of these devices.

The imposition of new municipal taxes would have no effect on relative inequalities between municipalities, but is essentially a method of altering the incidence of taxation as between inhabitants of each municipality. Income taxes, sales taxes, etc., are not well suited to the municipal sphere, though in some individual cases they may prove useful. In general, however, if the essentially urban problem of unemployment relief and the essentially rural problem of providing adequate school facilities without too great and too unevenly distributed local financial burdens, can be dealt with, municipal finances would be greatly improved, especially in those cases which most require some form of readjustment. The question of taxation would then be apparent as a matter of securing greater equity as between taxpayers, assuming a given amount of total taxation to be raised which would not be out of proportion to the resources of the community as a whole.

The real property tax must continue as by far the most important source of municipal revenue; changes in methods of assessment and in liability to taxation could overcome much of the apparent injustice and inequalities at present existing. More frequent and more careful assessment would keep taxes on

individual properties more in line with changing values and rentals. Rebates of a portion of the tax on unoccupied premises for a limited period would assist the maintenance of values of such real estate and overcome some inequalities.

Such measures constitute adjustments of the tax-burden as between different owners and occupiers of real property. In conjunction with a re-allocation of functions and financial responsibility for certain services which are no longer entirely, or even chiefly, of local concern, they would elminiate many of the present difficulties of municipalities and municipal taxpayers, and most of the real grievances which are finding expression. Whether the total burden on real property under such new conditions would remain unduly great is a broad question dependent on a number of other factors which are not within the scope of this study. The outcome of any readjustment of federal-provincial relations and changes in other forms of taxation levied by the senior governments would require careful consideration before the relative burden of total realty taxation could be assessed.

## APPENDIX

### Tables 31 to 50.

NOTE: As indicated previously, municipal statistics are not sufficiently uniform or accurate to justify comparisons between provinces, except with respect to well-defined trends. The following over-all figures, by provinces, are not presented as exact measurements of expenditures, assessments, levies, etc. In the case of expenditures, the various headings do not necessarily include similar services in all cases. In Prince Edward Island statistics for the city of Charlottetown and the town of Summerside alone are submitted. The Nova Scotia figures require many reservations: in some cases current and capital payments are confused and the different municipalities frequently do not include similar items under the same headings. In New Brunswick and Quebec the statistics are only for 1936 and 1935, respectively, owing either to the lack of data for previous years or to the impossibility of reducing the aggregate statistics to a comparable basis. The Ontario figures provide no information on aggregate expenditures after 1933, and for the years prior thereto give a breakdown for cities only. Public utilities, which in some cases are segregated and in others grouped under "public works", are excluded from the Ontario figures. In Manitoba the statistics are available for the required years in the case of the city of Winnipeg: in other municipalities they are only available since 1932. The Saskatchewan figures are satisfactory. In Alberta, owing to a change from the accrual to the cash basis in towns, villages and municipal districts, between 1928 and 1930, the statistics in some cases are estimates. In British Columbia the general breakdown is less extensive and gross expenditures on utilities are included. In the case of assessments, differences in methods of assessment, particularly with respect to the proportion which the assessment of buildings and improvements bears to total value, have been previously mentioned. Likewise variations in business taxation, and taxation of personal property and incomes affect the comparability of assessment and taxation figures. Incorporation of new municipalities, and change of status, as from town to city, necessitate further qualifications of annual comparisons within a single province, with respect to all statistics.

The necessity of a greater uniformity in municipal accounting and reporting appears evident from any attempt to study municipal finance in Canada. The efforts of the Dominion Bureau of Statistics to achieve this end through the Dominion-Provincial Conference on Municipal Statistics merit commendation and continued support.

The statistics in the following tables are based in the main upon annual reports of the provincial Departments of Municipal Affairs, and of individual municipalities, supplemented by replies to questionnaires, and by the reports of The Citizens' Research Institute of Canada.

TABLE 31

PRINCE EDWARD ISLAND: ANALYSIS OF EXPENDITURE

| | 1921 | | 1926 | | | 1930 | | | 1935 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $000 | % of Total | $000 | % of Total | % Change over 1921 | $000 | % of Total | % Change over 1926 | $000 | % of Total | % Change over 1930 | % Change over 1926 |
| CHARLOTTETOWN AND SUMMERSIDE | | | | | | | | | | | | |
| Social Services (a) | 1 | 1 | 4 | 2 | + 300 | 6 | 2 | + 50 | 8 | 2 | + 33 | + 100 |
| Education | 42 | 21 | 44 | 17 | + 5 | 55 | 19 | + 25 | 63 | 19 | + 15 | + 43 |
| Protection to Persons and Property | 23 | 11 | 27 | 11 | + 17 | 31 | 11 | + 15 | 35 | 11 | + 13 | + 30 |
| Public Works | 36 | 18 | 70 | 28 | + 94 | 48 | 17 | - 31 | 67 | 20 | + 40 | - 4 |
| Administration | 8 | 4 | 10 | 4 | + 25 | 7 | 3 | - 30 | 7 | 2 | Nil | - 30 |
| Other | 14 | 7 | 11 | 4 | - 21 | 36 (b) | 13 | + 227 | 11 | 3 | - 69 | Nil |
| Debt Charges | 77 | 38 | 89 | 35 | + 16 | 102 | 36 | + 15 | 144 | 43 | + 41 | + 62 |
| Total | 202 | 100 | 254 | 100 | + 26 | 283 | 100 | + 11 | 334 | 100 | + 18 | + 32 |

(a) Excluding funded relief expenditures; relief expenditures in Charlottetown capitalized as follows: $13,000 in 1933; $30,000 in 1934; $17,795 in 1935.

(b) Probably includes expenditures on certain public works.

# NOVA SCOTIA: ANALYSIS OF MUNICIPAL PAYMENTS

| | 1921 | | 1925 | | | 1930 | | | 1935 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $000 | % of Total | $000 | % of Total | % Change over 1921 | $000 | % of Total | % Change over 1925 | $000 | % of Total | % Change over 1930 | % Change over 1925 |
| 1. CITIES - | | | | | | | | | | | | |
| Social Services (a) | 201 | 6 | 231 | 8 | + 15 | 365 | 8 | + 58 | 455 | 10 | + 25 | + 97 |
| Education | 791 | 22 | 586 | 19 | - 26 | 951 | 21 | + 62 | 923 | 21 | - 3 | + 58 |
| Protection to Persons and Property | 415 | 12 | 323 | 11 | - 22 | 378 | 8 | + 17 | 380 | 9 | + 1 | + 18 |
| Public Works (b) | 1,091 | 30 | 560 | 18 | - 50 | 1,395 | 31 | + 149 | 926 | 21 | - 34 | + 65 |
| Other Services | 273 | 8 | 533 | 18 | + 95 | 529 | 12 | - 1 | 707 | 16 | + 34 | + 33 |
| Debt Charges | 819 | 23 | 810 | 27 | - 1 | 858 | 19 | + 6 | 1,009 | 23 | + 18 | + 25 |
| Total Payments | 3,590 | 100 | 3,043 | 100 | - 15 | 4,476 | 100 | + 47 | 4,400 | 100 | - 2 | + 45 |
| 2. TOWNS - | | | | | | | | | | | | |
| Social Services (a) | 124 | 3 | 147 | 4 | + 19 | 182 | 4 | + 24 | 424 | 10 | + 133 | + 188 |
| Education | 1,074 | 25 | 990 | 26 | - 8 | 1,054 | 22 | + 7 | 1,058 | 24 | | + 7 |
| Protection to Persons and Property | 433 | 10 | 245 | 6 | - 43 | 257 | 6 | + 5 | 207 | 5 | - 20 | - 16 |
| Public Works (b) | 1,190 | 28 | 1,054 | 28 | - 11 | 1,612 | 34 | + 53 | 1,028 | 24 | - 36 | - 3 |
| Other Services | 862 | 20 | 732 | 19 | - 15 | 889 | 19 | + 21 | 738 | 17 | - 17 | + 1 |
| Debt Charges | 568 | 13 | 651 | 17 | + 15 | 713 | 15 | + 10 | 921 | 21 | + 29 | + 42 |
| Total Payments | 4,251 | 100 | 3,819 | 100 | - 10 | 4,707 | 100 | + 23 | 4,376 | 100 | - 7 | + 15 |
| 3. COUNTY MUNICIPALITIES - | | | | | | | | | | | | |
| Social Services (a) | 386 | 24 | 490 | 26 | + 27 | 560 | 27 | + 14 | 602 | 27 | + 8 | + 34 |
| Education | 416 | 26 | 461 | 25 | + 11 | 473 | 23 | + 3 | 496 | 22 | + 5 | + 8 |
| Protection to Persons and Property | 138 | 9 | 144 | 8 | + 4 | 156 | 8 | + 8 | 158 | 7 | + 1 | + 10 |
| Other Services | 566 | 35 | 615 | 33 | + 9 | 732 | 35 | + 19 | 813 | 37 | + 11 | + 32 |
| Debt Charges | 126 | 8 | 156 | 8 | + 24 | 148 | 7 | - 5 | 158 | 7 | + 7 | + 1 |
| Total Payments | 1,632 | 100 | 1,866 | 100 | + 14 | 2,069 | 100 | + 11 | 2,227 | 100 | + 8 | + 19 |
| 4. ALL MUNICIPALITIES - | | | | | | | | | | | | |
| Total Payments | 9,473 | | 8,728 | | - 8 | 11,252 | | + 29 | 11,003 | | - 2 | + 26 |

(a) Including public health, support of poor and other charities, and excluding funded relief expenditures; Unemployment relief expenditures capitalized in part, e.g., Halifax - $100,000 in 1934 and $149,000 in 1935.

(b) Including streets, bridges, parks, buildings, waterworks and sewer construction and maintenance, etc.

TABLE 33

NEW BRUNSWICK: ANALYSIS OF MUNICIPAL DISBURSEMENTS

| | 1936 | |
|---|---|---|
| | $ 000 | % of Total |
| 1. CITIES (a) | | |
| Social Services | 157 | 4 |
| Schools | 860 | 23 |
| Protection to persons and property | 390 | 11 |
| Public Works(2) | 504 | 14 |
| General Government | 754 | 20 |
| Debt Charges | 1,016 | 27 |
| Other services and expenditure | 40 | 1 |
| Total Expenditure | 3,723 | 100 |
| 2. TOWNS | | |
| Social Services | 88 | 5 |
| Schools | 355 | 20 |
| Protection to persons and property | 79 | 5 |
| Public Works(b) | 418 | 24 |
| General Government | 303 | 17 |
| Debt Charges | 463 | 27 |
| Other services and expenditure | 42 | 2 |
| Total Expenditure | 1,747 | 100 |
| 3. VILLAGES | | |
| Social Services | 1 | 3 |
| Schools | 12 | 37 |
| Protection to persons and property | 1 | 3 |
| Public Works(b) | 7 | 21 |
| General Government | 6 | 18 |
| Debt Charges | 5 | 15 |
| Other services and expenditure | 1 | 3 |
| Total Expenditure | 32 | 100 |
| 4. COUNTIES | | |
| Social Services | 811 | 43 |
| Schools | 243 | 13 |
| Protection to persons and property | 179 | 9 |
| Public Works | - | - |
| General Government | 314 | 16 |
| Debt Charges | 322 | 17 |
| Other services and expenditure | 29 | 2 |
| Total Expenditure | 1,899 | 100 |
| 5. ALL MUNICIPALITIES | | |
| Social Services | 1,057 | 16 |
| Schools | 1,394 | 20 |
| Protection to persons and property | 650 | 10 |
| Public Works(b) | 928 | 14 |
| General Government | 772 | 11 |
| Debt Charges | 1,806 | 27 |
| Other services and Expenditure | 112 | 2 |
| Total Expenditure | 6,719 | 100 |

(a) Funded relief expenditures excluded: large proportion of relief expenditures capitalized, e.g., City of Saint John, $61,000 in 1934, $102,000 in 1935, and $111,000 in 1936.
(b) Includes public utilities.

TABLE 34

QUEBEC: ANALYSIS OF MUNICIPAL EXPENDITURE

| | 1935 | |
|---|---|---|
| | $ 000 | % of Total |
| 1. CITIES (a) | | |
| Social Services | 4,495 | 9 |
| Public Works | 15,280 | 30 |
| Administration | 3,123 | 6 |
| Debt Charges | 20,830 | 40 |
| Other Services and Expenditure | 8,020 | 16 |
| Total Expenditure | 51,748 | 100 |
| 2. TOWNS | | |
| Social Services | 199 | 3 |
| Public Works | 1,482 | 26 |
| Administration | 474 | 8 |
| Debt Charges | 2,478 | 43 |
| Other Services and Expenditure | 1,183 | 20 |
| Total Expenditure | 5,816 | 100 |
| 3. RURAL MUNICIPALITIES | | |
| Social Services | 490 | 10 |
| Public Works | 1,532 | 30 |
| Administration | 514 | 10 |
| Debt Charges | 886 | 17 |
| Other Services and Expenditure | 1,697 | 33 |
| Total Expenditure | 5,119 | 100 |
| 4. INDEPENDENT RURAL MUNICIPALITIES | | |
| Social Services | 1 | 8 |
| Public Works | 7 | 58 |
| Administration | 2 | 17 |
| Debt Charges | 0 | |
| Other Services and Expenditure | 1 | 8 |
| Total Expenditure | 12 | 100 |
| 5. ALL MUNICIPALITIES | | |
| Social Services | 5,185 | 8 |
| Public Works | 18,301 | 29 |
| Administration | 4,113 | 7 |
| Debt Charges | 24,192 | 39 |
| Other Services and Expenditure | 10,706 | 17 |
| Total Expenditure | 62,695 | 100 |
| | (b) | (c) |
| School Corporations: Total Expenditure | 21,778 | 35 |
| Municipal and School Expenditures | 84,473 | 100 |
| Ratio of Total School Expenditures to Total Municipal and School Expenditures | | 26 |

(a) Funded relief expenditures excluded: Large portion of unemployment relief expenditures capitalized: Montreal capitalized all unemployment relief expenditures, as follows: $96,000 in 1930; $2,309,000 in 1931; $6,114,000 in 1932; $8,104,000 in 1933-34; $6,325,000 in 1934-35; $5,521,000 in 1935-36; and $6,880,000 in 1936-37.
(b) 1934-35.
(c) Ratio of school expenditure to total municipal expenditures.

TABLE 35

ONTARIO: ANALYSIS OF MUNICIPAL EXPENDITURE

| | 1925 | | 1930 | | | 1933 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | $000 | % of Total | $000 | % of Total | % Change over 1925 | $000 | % of Total | % Change over 1930 | % Change over 1925 |
| 1. CITIES - | | | | | | | | | |
| Social Services and Recreation (a) | 9,211 | 15 | 14,203 | 18 | + 54 | 18,841 | 24 | + 33 | + 105 |
| Education (b) | 18,711 | 31 | 24,644 | 31 | + 32 | 23,990 | 30 | - 3 | + 28 |
| Protection to Persons and Property | 8,828 | 15 | 11,744 | 15 | + 33 | 10,876 | 14 | - 7 | + 23 |
| Public Works (Highways and Streets) | 4,763 | 8 | 6,753 | 9 | + 42 | 4,652 | 6 | - 31 | - 2 |
| Other Services | 6,150 | 10 | 8,147 | 10 | + 33 | 8,227 | 10 | + 1 | + 34 |
| Debt Charges (excluding Public Utilities) | 13,213 | 22 | 14,138 | 18 | + 7 | 13,391 | 17 | - 5 | + 1 |
| Total Expenditure | 60,876 | 100 | 79,629 | 100 | + 31 | 79,977 | 100 | | + 31 |
| 2. TOWNS AND VILLAGES - | | | | | | | | | |
| General Government | 7,706 | 42 | 9,680 | 43 | + 28 | 10,846 | 48 | + 10 | + 41 |
| Education | 5,899 | 32 | 6,800 | 30 | + 15 | 5,776 | 26 | - 15 | - 2 |
| Debt Charges (excluding Public Utilities) | 4,944 | 27 | 6,129 | 27 | + 24 | 5,848 | 26 | - 6 | + 18 |
| Total Expenditure | 18,549 | 100 | 22,789 | 100 | + 23 | 22,470 | 100 | - 1 | + 21 |
| 3. TOWNSHIPS - | | | | | | | | | |
| General Government | 15,729 | 55 | 21,498 | 57 | + 37 | 18,069 | 58 | - 16 | + 15 |
| Education | 9,711 | 34 | 10,423 | 28 | + 7 | 7,965 | 26 | - 24 | - 18 |
| Debt Charges (excluding Public Utilities) | 3,048 | 11 | 5,712 | 15 | + 87 | 5,075 | 16 | - 11 | + 67 |
| Total Expenditure | 28,488 | 100 | 37,633 | 100 | + 32 | 31,109 | 100 | - 17 | + 9 |
| 4. COUNTIES - | | | | | | | | | |
| General Government | 9,912 | 61 | 14,510 | 66 | + 46 | 8,053 | 53 | - 45 | - 19 |
| Education | 3,681 | 23 | 4,638 | 21 | + 26 | 3,989 | 26 | - 14 | + 8 |
| Debt Charges (excluding Public Utilities) | 2,365 | 15 | 2,508 | 11 | + 6 | 2,649 | 18 | + 6 | + 12 |
| Total Expenditure | 16,233 | | 22,140 | | + 36 | 15,085 | | - 32 | - 7 |
| 5. ALL MUNICIPALITIES - | | | | | | | | | |
| Total Expenditure | 124,146 | | 162,191 | | + 31 | 148,641 | | - 8 | + 20 |

(a) Including health and sanitation, hospitals, charities and relief currently met: funded relief expenditures excluded - e.g., Toronto, $2,401,000 in 1933; $2,844,000 in 1934; $3,193,000 in 1935.

(b) Including schools and libraries.

TABLE 36

MANITOBA: ANALYSIS OF MUNICIPAL EXPENDITURE

| | 1921 | | 1925 | | | 1930 | | | 1936 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $000 | % of Total | $000 | % of Total | % Change over 1921 | $000 | % of Total | % Change over 1925 | $000 | % of Total | % Change over 1930 | % Change over 1925 |
| CITIES - | | | | | | | | | | | | |
| WINNIPEG: | | | | | | | | | | | | |
| Social Services (a) | 1,508 | 15 | 1,427 | 14 | - 5 | 1,675 | 14 | + 17 | 1,372 | 13 | - 18 | - 4 |
| Schools (b) | 2,688 | 27 | 2,920 | 28 | + 9 | 3,317 | 28 | + 14 | 2,990 | 28 | - 10 | + 2 |
| Protection to Persons and Property | 1,386 | 14 | 1,281 | 13 | - 8 | 1,509 | 13 | + 18 | 1,306 | 13 | - 14 | + 2 |
| Public Works (c) | 727 | 7 | 673 | 7 | - 7 | 1,030 | 9 | + 53 | 787 | 8 | - 24 | + 17 |
| General Government | 408 | 4 | 367 | 4 | - 10 | 437 | 4 | + 19 | 473 | 5 | + 8 | + 3 |
| Debt Charges: | | | | | | | | | | | | |
| Ordinary (d) | 835 | 8 | 839 | 8 | + 1 | 799 | 7 | - 5 | 1,207 | 12 | + 51 | + 44 |
| Local Improvement (e) and Water District | 2,103 | 21 | 2,076 | 21 | - 1 | 2,210 | 19 | - 7 | 1,571 | 15 | - 29 | - 24 |
| Total Debt Charges | 2,939 | 29 | 2,915 | 29 | - 1 | 3,009 | 25 | + 3 | 2,779 | 27 | - 8 | - 5 |
| Other Services and Expenditures | 494 | 5 | 510 | 5 | + 3 | 922 | 8 | + 81 | 668 | 6 | - 28 | + 31 |
| Total Expenditures (f) | 10,150 | 100 | 10,094 | 100 | - 1 | 11,900 | 100 | + 18 | 10,375 | 100 | - 13 | + 3 |

(a) "Social Services" include current unemployment relief expenditures, hospital and child welfare fees, social welfare commission, charitable grants, and health services, including general administration, disease prevention and control, refuse collection and disposal, baths, playgrounds, sewer maintenance, etc. Deferred unemployment relief expenditures as follows are excluded: $600,000 in 1931; $845,000 in 1932; $1,324,000 in 1933; $1,557,000 in 1934; $1,887,000 in 1935; $1,604,000 in 1936.
(b) Includes debt charges.
(c) Includes debt charges of Parks Board.
(d) Excludes debt charges for schools and Parks Board.
(e) Proprietors' share.
(f) Excludes Provincial government levies.

TABLE 37

MANITOBA: ANALYSIS OF MUNICIPAL EXPENDITURE

| | 1932 | | 1936 | | |
|---|---|---|---|---|---|
| | $000 | % of Total | $000 | % of Total | % Change over 1932 |
| 1. WINNIPEG - | | | | | |
| Social Services (a) | 1,629 | 15 | 1,372 | 13 | - 16 |
| Schools (b) | 2,941 | 27 | 2,990 | 28 | + 2 |
| Protection to Persons and Property | 1,388 | 13 | 1,306 | 13 | - 6 |
| Public Works (c) | 655 | 6 | 787 | 8 | + 20 |
| General Government | 398 | 4 | 473 | 5 | + 19 |
| Debt Charges: | | | | | |
| Ordinary (d) | 1,009 | 9 | 1,207 | 12 | + 20 |
| Local Improvement (e) and Water District | 2,095 | 19 | 1,571 | 15 | - 25 |
| Total Debt Charges | 3,104 | 28 | 2,779 | 27 | - 11 |
| Other Services and Expenditures | 821 | 7 | 668 | 6 | - 19 |
| Total Expenditure (ex Prov. Levy) | 10,935 | 100 | 10,375 | 100 | - 5 |
| Provincial government levy | 194 | | 203 | | |
| 2. SUBURBAN MUNICIPALITIES - | (f) | | | | |
| Social Services | 160 | 10 | 267 | 17 | + 67 |
| Education (b) | 371 | 22 | 366 | 23 | - 1 |
| Protection to Persons and Property | | | 89 | 6 | |
| Public Works | 84 | 5 | 75 | 5 | - 11 |
| Administration | 88 | 5 | 113 | 7 | + 28 |
| Debenture Purposes | 492 | 30 | 541 | 35 | + 10 |
| Other Services and Expenditures | 462 | 28 | 116 | 7 | |
| Total Expenditure (ex Municipal Commissioners' Levy) | 1,656 | 100 | 1,568 | 100 | - 5 |
| Municipal Commissioners' Levy | | | 23 | | |
| 3. TOWNS - | (f) | | | | |
| Social Services | 102 | 9 | 128 | 12 | + 26 |
| Education (b) | 374 | 33 | 354 | 32 | - 5 |
| Protection to Persons and Property | | | 121 | 11 | |
| Public Works | 166 | 15 | 146 | 13 | - 12 |
| Administration | 139 | 12 | 135 | 12 | - 3 |
| Debenture Purposes | 187 | 16 | 179 | 16 | - 4 |
| Other Services and Expenditures | 164 | 15 | 48 | 4 | |
| Total Expenditure (ex Municipal Commissioners' Levy) | 1,132 | 100 | 1,112 | 100 | - 2 |
| Municipal Commissioners' Levy | | | 34 | | |
| 4. VILLAGES - | (f) | | | | |
| Social Services | 10 | 5 | 26 | 13 | +160 |
| Education (b) | 103 | 51 | 90 | 45 | - 13 |
| Protection to Persons and Property | | | 25 | 13 | |
| Public Works | 24 | 12 | 15 | 8 | - 38 |
| Administration | 35 | 17 | 28 | 14 | - 20 |
| Debenture Purposes | 7 | 4 | 8 | 4 | + 14 |
| Other Services and Expenditures | 23 | 11 | 5 | 3 | |
| Total Expenditure (ex Municipal Commissioners' Levy) | 202 | 100 | 197 | 100 | - 3 |
| Municipal Commissioners' Levy | | | 8 | | |

TABLE 37 (Continued)

MANITOBA: ANALYSIS OF MUNICIPAL EXPENDITURE

| | 1932 | | 1936 | | |
|---|---|---|---|---|---|
| | $000 | % of Total | $000 | % of Total | % Change over 1932 |
| 5. RURAL MUNICIPALITIES - | (f) | | | | |
| Social Services | 314 | 6 | 560 | 12 | + 78 |
| Education (b) | 2,271 | 46 | 1,797 | 37 | - 21 |
| Protection to Persons and Property | | | 47 | 1 | |
| Public Works | 608 | 13 | 1,060 | 22 | + 74 |
| Administration | 623 | 13 | 603 | 12 | - 3 |
| Debenture Purposes | 458 | 9 | 581 | 12 | + 27 |
| Other Services and Expenditures | 633 | 13 | 177 | 4 | |
| Total Expenditure (ex Municipal Commissioners' Levy) | 4,907 | 100 | 4,826 | 100 | - 2 |
| Municipal Commissioners' Levy | | | 456 | | |

(a) Unemployment relief capitalized: $845,000 in 1932, $1,887,000 in 1935, and $1,604,000 in 1936.

(b) Including debt charges.

(c) Including debt charges of Parks Board.

(d) Excluding debt charges for schools and Parks Board.

(e) Proprietors' share.

(f) Relief and hospitalization only.

TABLE 38

SASKATCHEWAN; ANALYSIS OF MUNICIPAL EXPENDITURE

| | 1925 | | 1930 | | | 1935 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | $000 | % of Total | $000 | % of Total | % Change over 1925 | $000 | % of Total | % Change over 1930 | % Change over 1925 |
| 1. CITIES - | | | | | | | | | |
| Social Services (a) | 615 | 17 | 1,159 | 24 | + 89 | 1,188 | 26 | + 3 | + 93 |
| Protection to Persons and Property | 792 | 22 | 1,007 | 20 | + 27 | 810 | 18 | - 20 | + 2 |
| Public Works (b) | 241 | 7 | 671 | 14 | + 178 | 255 | 6 | - 62 | + 6 |
| Administration | 425 | 12 | 518 | 10 | + 22 | 458 | 11 | - 12 | + 8 |
| Debt Charges (c) | 1,547 | 43 | 1,558 | 32 | + 1 | 1,866 | 41 | + 20 | + 21 |
| Total Expenditure (d) | 3,621 | 100 | 4,914 | 100 | + 36 | 4,577 | 100 | - 7 | + 26 |
| 2. TOWNS - | | | | | | | | | |
| Social Services (a) | 182 | 16 | 297 | 23 | + 63 | 285 | 29 | - 4 | + 57 |
| Protection to Persons and Property | 211 | 19 | 231 | 18 | + 10 | 182 | 19 | - 21 | - 14 |
| Public Works (b) | 217 | 19 | 292 | 23 | + 35 | 130 | 13 | - 56 | - 40 |
| Administration | 240 | 22 | 248 | 19 | + 3 | 208 | 21 | - 16 | - 13 |
| Debt Charges (c) | 264 | 24 | 219 | 17 | - 17 | 178 | 18 | - 19 | - 33 |
| Total Expenditure (d) | 1,113 | 100 | 1,288 | 100 | + 16 | 983 | 100 | - 24 | - 12 |
| 3. VILLAGES - | | | | | | | | | |
| Social Services (a) | 79 | 13 | 191 | 22 | + 142 | 202 | 30 | + 6 | + 196 |
| Protection to Persons and Property | 71 | 11 | 130 | 15 | + 83 | 111 | 16 | - 15 | + 56 |
| Public Works (b) | 243 | 39 | 302 | 35 | + 24 | 153 | 22 | - 49 | - 37 |
| Administration | 128 | 20 | 160 | 18 | + 25 | 159 | 23 | - 1 | + 24 |
| Debt Charges (c) | 106 | 17 | 87 | 10 | - 18 | 56 | 8 | - 24 | - 47 |
| Total Expenditure (d) | 626 | 100 | 869 | 100 | + 39 | 682 | 100 | - 22 | + 9 |

(a) Including public health and sanitation, medical services, charities and recreation. Funded relief expenditures excluded. Relief capitalized in all cities: $190,000 in 1932; $554,000 in 1933; $687,000 in 1934; $726,000 in 1935; $422,000 in 1936.
(b) Including public works maintenance and capital expenditures on public works chargeable to revenue.
(c) Including debenture principal and interest, and bank interest.
(d) Excluding schools.

TABLE 38. (Continued)

SASKATCHEWAN: ANALYSIS OF MUNICIPAL EXPENDITURE

| | 1925 | | 1930 | | | 1935 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | $000 | % of Total | $000 | % of Total | % Change over 1925 | $000 | % of Total | % Change over 1930 | % Change over 1925 |
| 4. RURAL MUNICIPALITIES - | | | | | | | | | |
| Social Services (a) | 513 | 9 | 1,031 | 14 | + 101 | 1,101 | 24 | + 7 | + 115 |
| Protection to Persons and Property | 212 | 4 | 363 | 5 | + 71 | 150 | 3 | - 59 | - 29 |
| Public Works (b) | 3,422 | 61 | 4,375 | 59 | + 28 | 1,347 | 29 | - 69 | - 61 |
| Administration | 1,082 | 19 | 1,186 | 16 | + 10 | 1,356 | 30 | + 14 | + 25 |
| Debt Charges (c) | 422 | 7 | 502 | 7 | + 19 | 637 | 14 | + 27 | + 51 |
| Total Expenditure (d) | 5,650 | 100 | 7,457 | 100 | + 32 | 4,591 | 100 | - 38 | - 19 |
| 5. ALL MUNICIPALITIES - | | | | | | | | | |
| Social Services (a) | 1,387 | 13 | 2,676 | 18 | + 91 | 2,777 | 26 | + 4 | + 100 |
| Protection to Persons and Property | 1,286 | 12 | 1,731 | 12 | + 35 | 1,252 | 12 | - 28 | - 3 |
| Public Works (b) | 4,122 | 37 | 5,641 | 39 | + 37 | 1,884 | 17 | - 67 | - 54 |
| Administration | 1,875 | 17 | 2,112 | 15 | + 13 | 2,181 | 20 | + 3 | + 16 |
| Debt Charges (c) | 2,339 | 21 | 2,367 | 16 | + 1 | 2,736 | 25 | + 16 | + 17 |
| Total Expenditure (d) | 11,010 | 100 | 14,528 | 100 | + 32 | 10,833 | 100 | - 25 | - 2 |
| 6. SCHOOLS - (e) | | (f) | | (f) | | | (f) | | |
| Total Expenditure | 14,254 | 130 | 16,477 | 113 | + 16 | 8,672 | 80 | - 47 | - 39 |
| 7. MUNICIPAL AND SCHOOL - | | | | | | | | | |
| Total Expenditure | 25,264 | 100 | 31,005 | 100 | + 23 | 19,505 | 100 | - 37 | - 24 |
| 8. RATIO OF TOTAL SCHOOL EXPENDITURE TO TOTAL MUNICIPAL AND SCHOOL EXPENDITURE | | 56 | | 53 | | | 45 | | |

(a) Including public health and sanitation, medical services, charities and recreation.
(b) Including public works maintenance and capital expenditures on public works chargeable to revenue.
(c) Including debenture principal and interest, and bank interest.
(d) Excluding schools.
(e) Schools under the School Act.
(f) Ratio of school expenditures to total mumicipal expenditures.

TABLE 39.

ALBERTA: ANALYSIS OF MUNICIPAL EXPENDITURE

| | 1925 | | 1928 | | | 1935 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | $000 | % of Total | $000 | % of Total | % Change over 1925 | $000 | % of Total | % Change over 1928 | % Change over 1925 |
| 1. CITIES - | | | | | | | | | |
| Social Services (a) | 746 | 14 | 1,015 | 16 | + 36 | 4,079 | 44 | +302 | +447 |
| Protection to Persons and Property | 849 | 16 | 1,076 | 17 | + 27 | 1,076 | 12 | Nil | + 27 |
| Public Works | 1,216 | 24 | 566 | 9 | - 54 | 425 | 5 | - 25 | - 65 |
| Administration | 714 | 14 | 721 | 11 | + 1 | 691 | 7 | - 4 | - 3 |
| Debenture Purposes | 1,647 | 32 | 2,961 | 47 | + 80 | 2,676 | 29 | - 10 | + 63 |
| Other Services and Expenditure | - | | - | | | 282 | 3 | | |
| Total Expenditure | 5,173 | 100 | 6,338 | 100 | + 23 | 9,229 | 100 | + 46 | + 78 |
| 2. TOWNS - | | | | | | | | | |
| Social Services | 79 | 9 | 108 | 12 | + 37 | 196 | 19 | + 82 | +148 |
| Protection to Persons and Property | 77 | 8 | 109 | 12 | + 42 | 98 | 9 | - 10 | + 27 |
| Public Works | 238 | 26 | 362 | 40 | + 52 | 368 | 36 | + 2 | + 55 |
| Administration | 222 | 24 | 170 | 19 | - 23 | 187 | 18 | + 10 | - 16 |
| Debenture Purposes | 300 | 33 | 160 | 18 | - 47 | 188 | 18 | + 18 | - 37 |
| Total Expenditure | 915 | 100 | 910 | 100 | - 1 | 1,037 | 100 | + 14 | + 13 |
| 3. VILLAGES - | | | | | | | | | |
| Social Services | 22 | 9 | 41 | 12 | + 86 | 72 | 23 | + 76 | +227 |
| Protection to Persons and Property | - | | 20 | 6 | | 24 | 8 | + 20 | |
| Public Works | 147 | 59 | 210 | 60 | + 43 | 147 | 47 | - 30 | Nil |
| Administration | 63 | 25 | 64 | 18 | + 2 | 61 | 19 | - 5 | - 3 |
| Debenture Purposes | 19 | 8 | 18 | 5 | - 5 | 11 | 3 | - 39 | - 42 |
| Total Expenditure | 248 | 100 | 352 | 100 | + 42 | 315 | 100 | - 11 | + 27 |
| 4. MUNICIPAL DISTRICTS - | | | | | | | | | |
| Social Services | 208 | 7 | 271 | 12 | + 30 | 650 | 21 | +140 | +213 |
| Protection to Persons and Property | - | | 116 | 5 | | 100 | 3 | - 14 | |
| Public Works | 2,345 | 73 | 1,271 | 55 | - 46 | 1,818 | 59 | + 43 | - 23 |
| Administration | 645 | 20 | 644 | 28 | | 511 | 17 | - 21 | - 21 |
| Debenture Purposes | - | | - | | | 4 | | | |
| Total Expenditure | 3,198 | 100 | 2,302 | 100 | - 28 | 3,083 | 100 | + 34 | - 4 |
| 5. ALL MUNICIPALITIES - | | | | | | | | | |
| Total Expenditure | 9,537 | | 9,902 | | | 13,664 | | | |

(a) Funded relief expenditures excluded: Unemployment relief capitalized in Edmonton, as follows: $200,000 in 1931; $250,000 in 1932; $250,000 in 1933; $250,000 in 1934; $250,000 in 1935. In Calgary: $250,000 in 1934; $250,000 in 1935.

TABLE 39. (Continued)

ALBERTA: ANALYSIS OF MUNICIPAL EXPENDITURE

| | 1925 | | 1928 | | | 1935 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | $000 | % of Total | $000 | % of Total | % Change over 1925 | $000 | % of Total | % Change over 1928 | % Change over 1925 |
| 6. SCHOOLS - Total Expenditure | 10,827 | (b) 114 | 13,037 | (b) 132 | + 20 | 10,159 | (b) 74 | - 22 | - 6 |
| 7. MUNICIPAL AND SCHOOL - Total Expenditure | 20,364 | 100 | 22,939 | 100 | + 13 | 23,823 | 100 | + 4 | + 17 |
| 8. RATIO OF TOTAL SCHOOL EXPENDITURE TO TOTAL MUNICIPAL AND SCHOOL EXPENDITURE | | 53 | | 57 | | | 43 | | |

(b) Ratio of school expenditures to total municipal expenditures.

TABLE 40

BRITISH COLUMBIA: ANALYSIS OF MUNICIPAL EXPENDITURE

| | 1926 | | 1930 | | | 1935 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | $000 | % of Total | $000 | % of Total | % Change over 1926 | $000 | % of Total | % Change over 1930 | % Change over 1926 |
| CITIES - | | | | | | | | | |
| Social Services - | | | | | | | | | |
| Relief | 243 | 1 | 677 | 3 | + 179 | 1,611 | 7 | + 138 | + 563 |
| Other Social Services | 804 | 4 | 1,029 | 4 | + 28 | 1,620 | 7 | + 57 | + 102 |
| Total Social Services | 1,047 | 5 | 1,706 | 7 | + 63 | 3,231 | 14 | + 89 | + 209 |
| Schools | 4,324 | 23 | 5,268 | 22 | + 22 | 4,390 | 20 | - 17 | + 2 |
| Public Utilities | 1,617 | 8 | 1,963 | 8 | + 21 | 1,693 | 7 | - 14 | + 5 |
| Debt Charges | 6,008 | 32 | 7,488 | 31 | + 25 | 7,191 | 32 | - 4 | + 20 |
| Other Services and Expenditure | 6,104 | 32 | 7,843 | 32 | + 29 | 6,026 | 27 | - 23 | - 1 |
| Total Expenditure | 19,101 | 100 | 24,268 | 100 | + 27 | 22,531 | 100 | - 7 | + 18 |
| DISTRICTS - | | | | | | | | | |
| Social Services - | | | | | | | | | |
| Relief | 24 | 1 | 86 | 2 | + 258 | 388 | 8 | + 351 | +1,517. |
| Other Social Services | 103 | 3 | 135 | 3 | + 31 | 314 | 6 | + 133 | + 205 |
| Total Social Services | 128 | 4 | 221 | 5 | + 73 | 702 | 14 | + 218 | + 448 |
| Schools | 1,307 | 31 | 1,616 | 32 | + 24 | 1,299 | 26 | - 20 | - 1 |
| Public Utilities | 377 | 9 | 468 | 9 | + 24 | 436 | 9 | - 7 | + 16 |
| Debt Charges | 941 | 22 | 1,097 | 22 | + 17 | 1,213 | 24 | + 11 | + 29 |
| Other Services and Expenditure | 1,412 | 34 | 1,604 | 32 | + 14 | 1,377 | 27 | - 14 | - 3 |
| Total Expenditure | 4,166 | 100 | 5,006 | 100 | + 20 | 5,028 | 100 | + 0 | + 21 |
| CITIES AND DISTRICTS - | | | | | | | | | |
| Social Services - | | | | | | | | | |
| Relief | 267 | 1 | 763 | 3 | + 186 | 1,999 | 7 | + 162 | + 649 |
| Other Social Services | 907 | 4 | 1,164 | 4 | + 28 | 1,934 | 7 | + 66 | + 113 |
| Total Social Services | 1,175 | 5 | 1,927 | 7 | + 64 | 3,933 | 14 | + 104 | + 235 |
| Schools | 5,632 | 24 | 6,884 | 24 | + 22 | 5,689 | 21 | - 17 | + 1 |
| Public Utilities | 1,994 | 9 | 2,431 | 8 | + 22 | 2,129 | 8 | - 12 | + 7 |
| Debt Charges | 6,950 | 30 | 8,585 | 29 | + 24 | 8,404 | 30 | - 2 | + 21 |
| Other Services and Expenditure | 7,516 | 32 | 9,448 | 32 | + 26 | 7,403 | 27 | - 22 | - 2 |
| Total Expenditure | 23,266 | 100 | 29,275 | 100 | + 26 | 27,558 | 100 | - 6 | + 18 |

TABLE 41.

TRENDS IN MUNICIPAL TAX LEVIES, POPULATION AND ASSESSMENT

PRINCE EDWARD ISLAND
(Charlottetown and Summerside only)

| | 1921 | 1925 | 1930 | 1935 |
|---|---|---|---|---|
| Population | 15,575 | 15,679 | 16,029 | 17,764 |
| Taxable Assessment | $ 8,526,000 | 8,912,000 | 11,435,000 | 12,119,000 |
| Tax Levy | $ 157,000 | 170,000 | 219,000 | 222,000 |

PERCENTAGE CHANGES

| | 1921 - 1925 | 1925 - 1930 | 1930 - 1935 | 1921 - 1935 |
|---|---|---|---|---|
| Population | + 0.7% | + 2.2% | +10.8% | +14.1% |
| Taxable Assessment | + 4.5% | +28.3% | + 6.0% | +42.1% |
| Tax Levy | + 8.3% | +28.8% | + 1.4% | +41.4% |

NOTE: Statistics in this table are from Annual Reports of the Citizens' Research Institute, Toronto, and relate only to Charlottetown and Summerside.

TABLE 42.

TRENDS IN MUNICIPAL TAX LEVIES, POPULATION AND ASSESSMENT:

NOVA SCOTIA

(Thousands)

| | 1921 | 1925 | 1930 | 1935 |
|---|---|---|---|---|
| Total population of Province (a) | 524 | 515 | 514 | 527 |
| Total taxable assessment of all municipalities | $166,546 | $166,058 | $176,562 | $171,049 |
| Tax receipts: (b) | | | | |
| Cities | 1,760 | 2,369 | 2,513 | 2,512 |
| Towns | 1,930 | 2,210 | 2,459 | 2,758 |
| County municipalities (rural) | 971 | 1,227 | 1,154 | 1,317 |
| Total all municipalities | 4,661 | 5,806 | 6,126 | 6,587 |

PERCENTAGE CHANGES

| | 1921 - 1925 | 1925 - 1930 | 1930 - 1935 | 1921 - 1935 |
|---|---|---|---|---|
| Total population of Province (a) | - 1.7% | - 0.2% | + 2.5% | + 0.6% |
| Total taxable assessment of all municipalities | - 0.3% | + 6.3% | - 4.1% | + 2.7% |
| Tax receipts: (b) | | | | |
| Cities | + 34.6% | + 6.1% | - 0.04% | + 42.7% |
| Towns | + 14.5% | + 11.3% | + 12.2% | + 42.9% |
| County municipalities (rural) | + 26.4% | - 6.0% | + 14.1% | + 35.6% |
| Total all municipalities | + 24.6% | + 5.5% | + 7.5% | + 41.3% |

NOTE: Statistics used in this table are generally from the Annual Report-Incorporated Cities, Towns, and Municipalities issued by the Provincial Secretary.

(a) Population figures from estimates for inter-censal years, Canada Year Book, 1937, p. 153.

(b) Tax receipts include municipal and school taxes and arrears in cities and towns but exclude school taxes in county municipalities. The Provincial Highway Tax is excluded throughout. Statistics of tax levies are not published.

TABLE 43.

TRENDS IN MUNICIPAL TAX LEVIES, POPULATION AND ASSESSMENT:

NEW BRUNSWICK
(23 Municipalities)

(Thousands)

| | 1921 | 1925 | 1930 | 1935 |
|---|---|---|---|---|
| Population | 123 | 129 | 131 | 132 |
| Taxable Assessment | $112,756 | $119,516 | $120,628 | $102,476 |
| Tax Levy (a) | $ 3,213 | 3,614 | 3,748 | 4,102 |

PERCENTAGE CHANGES

| | 1921 - 1925 | 1925 - 1930 | 1930 - 1935 | 1921 - 1935 |
|---|---|---|---|---|
| Population | + 4.7% | + 2.7% | - 0.3% | + 7.2% |
| Taxable Assessment | + 6.0% | + 0.9% | - 15.0% | - 9.1% |
| Tax Levy (a) | + 12.5% | + 3.7% | + 9.4% | + 27.7% |

NOTE: Statistics in this table are from Annual Reports of the Citizens' Research Institute of Canada, Toronto, and relate only to the 23 selected municipalities, including the Cities of St. John, Moncton and Fredericton.

(a) School Tax Levy excluded in two or three municipalities.

TABLE 44

TRENDS IN MUNICIPAL TAX LEVIES, POPULATION AND ASSESSMENT:

QUEBEC

(Thousands)

| | 1914 | 1921 | 1925 | 1928 | 1930 | 1933 |
|---|---|---|---|---|---|---|
| Total population of Province | 2,096 | 2,361 | 2,549 | 2,715 | 2,825 | 2,970 |
| Total taxable assessment of all municipalities | $1,283,651 | 1,620,804 | 1,815,682 | 2,001,407 | 2,465,133 | 2,240,825 |
| Municipal tax receipts: (a) | | | | | | |
| Cities | $ - | - | - | 37,360 | 46,751 | 52,542 |
| Towns | $ - | - | - | 3,218 | 3,321 | 3,469 |
| Rural municipalities | $ - | - | - | 4,912 | 5,085 | 3,838 |
| Total municipal tax receipts of all municipalities | $ - | - | - | 45,490 | 55,157 | 59,849 |
| Total all school tax receipts | $ 5,646 | 12,667 | 15,647 | 17,630 | 18,697 | 19,391 |
| Total all tax receipts | $ - | - | - | 63,120 | 73,854 | 79,240 |

PERCENTAGE CHANGES

| | 1914 - 1921 | 1921 - 1925 | 1925 - 1928 | 1928 - 1930 | 1930 - 1933 | 1928 - 1933 |
|---|---|---|---|---|---|---|
| Total population of Province | + 12.6% | + 8.0% | + 6.5% | + 4.1% | + 5.1% | + 9.4% |
| Total taxable assessment of all municipalities | + 26.3% | + 12.0% | + 10.2% | + 23.2% | - 9.1% | + 12.0% |
| Municipal tax receipts: (a) | | | | | | |
| Cities | - | - | - | + 25.1% | + 12.4% | + 40.6% |
| Towns | - | - | - | + 3.2% | + 4.5% | + 7.8% |
| Rural municipalities | - | - | - | + 3.5% | - 24.5% | - 21.9% |
| Total municipal tax receipts of all municipalities | - | - | - | + 21.3% | + 8.5% | + 31.6% |
| Total all school tax receipts | + 124.4% | + 23.5% | + 12.7% | + 6.1% | + 3.7% | + 53.1% (b) |
| Total all tax receipts | - | - | - | + 17.0% | + 7.3% | + 25.5% |

NOTE: Statistics in this table are from the Annual Report of the Department of Municipal Affairs and the Annual Financial Statement of School Corporations. The population figures are from the Canada Year Book 1937, p. 153. Statistics on tax levies are not published.
(a) Including municipal taxes and arrears but excluding school taxes.
(b) Percentage change 1921-1933.

TABLE 45

TRENDS IN MUNICIPAL TAX LEVIES, POPULATION AND ASSESSMENT:

ONTARIO

(Thousands)

| | 1913 | 1921 | 1925 | 1930 | 1935 |
|---|---|---|---|---|---|
| Total population of Province | 2,639 | 2,934 | 3,111 | 3,386 | 3,673 |
| Total taxable assessment of all municipalities | $1,727,234 | 2,410,723 | 2,759,851 | 3,126,533 | 3,000,836 |
| Tax Levy: (a) | | | | | |
| Cities | $ 18,833 | 48,906 | 57,465 | 71,238 | 74,117 |
| Towns and Villages | $ 5,927 | 12,776 | 15,977 | 19,403 | 17,696 |
| Townships | $ 9,490 | 21,336 | 24,500 | 32,090 | 25,653 |
| Total all municipalities | $ 34,250 | 83,018 | 97,942 | 122,731 | 117,466 |

PERCENTAGE CHANGES

| | 1913 - 1921 | 1921 - 1925 | 1925 - 1930 | 1930 - 1935 | 1921 - 1935 |
|---|---|---|---|---|---|
| Total population of Province | + 11.2% | + 6.1% | + 8.8% | + 8.5% | + 25.2% |
| Total taxable assessment of all municipalities | + 39.6% | + 14.5% | + 13.3% | - 4.0% | + 24.5% |
| Tax Levy: (a) | | | | | |
| Cities | + 159.7% | + 17.5% | + 24.0% | + 4.0% | + 51.5% |
| Towns and Villages | + 115.6% | + 25.1% | + 21.4% | - 8.8% | + 38.5% |
| Townships | + 124.8% | + 14.8% | + 31.0% | - 20.1% | + 20.2% |
| Total all municipalities | + 142.4% | + 18.0% | + 25.3% | - 4.3% | + 41.5% |

NOTE: Statistics in this table are from the Annual Report of the Department of Municipal Affairs and from replies to special questionnaires. The population figures are from the Canada Year Book, 1937, p. 153.

(a) Municipal and School taxes.

TABLE 46

TRENDS IN MUNICIPAL TAX LEVIES, POPULATION AND ASSESSMENT:

MANITOBA

(Thousands)

| | 1913 | 1921 | 1925 | 1930 | 1935 |
|---|---|---|---|---|---|
| Total population of Province | 505 | 610 | 632 | 689 | 711 |
| Total taxable assessment of all municipalities | $547,306 | 674,574 | 594,995 | 563,694 | 487,829 |
| Tax Levy: (a) | | | | | |
| Cities | $ 5,265 | 8,691 | 8,885 | 9,497 | 10,828 |
| Suburban Municipalities | $ 267 | 1,141 | 1,230 | 1,261 | 1,196 |
| Towns | $ 787 | 1,181 | 1,093 | 1,046 | 1,032 |
| Villages | $ 92 | 271 | 227 | 252 | 197 |
| Rural Municipalities | $ 3,038 | 8,405 | 6,830 | 7,266 | 4,760 |
| Total all municipalities | $ 9,449 | 19,688 | 18,266 | 19,323 | 18,012 |

PERCENTAGE CHANGES

| | 1913 - 1921 | 1921 - 1925 | 1925 - 1930 | 1930 - 1935 | 1921 - 1935 |
|---|---|---|---|---|---|
| Total population of Province | + 20.8% | + 3.6% | + 9.0% | + 3.2% | + 16.6% |
| Total taxable assessment of all municipalities | + 23.3% | - 11.8% | - 5.3% | - 13.5% | - 27.7% |
| Tax Levy: (a) | | | | | |
| Cities | + 65.1% | + 2.2% | + 6.9% | + 14.0% | + 24.6% |
| Suburban Municipalities | + 327.3% | + 7.8% | + 2.5% | - 5.2% | + 4.8% |
| Towns | + 50.1% | - 7.5% | - 4.3% | - 1.3% | - 12.6% |
| Villages | + 194.6% | - 16.2% | + 11.0% | - 21.8% | - 27.3% |
| Rural Municipalities | + 176.7% | - 18.7% | + 6.4% | - 34.5% | - 43.7% |
| Total all municipalities | + 108.4% | - 7.2% | + 6.8% | - 6.8% | - 8.5% |

NOTE: Statistics in this table are from the Annual "Statistical Information" and other reports issued by the Municipal Commissioner. The population figures are from the Canada Year Book, 1937, p. 153.

(a) Includes levy for municipal and school purposes and provincial taxes levied by municipalities.

TABLE 47

## TRENDS IN MUNICIPAL TAX LEVIES, POPULATION AND ASSESSMENT:

(Thousands)

### SASKATCHEWAN

| | 1913 | 1921 | 1925 | 1930 | 1935 |
|---|---|---|---|---|---|
| Total population of Province | 563 | 757 | 806 | 903 | 931 |
| Total taxable assessment of all municipalities | $1,154,000(a) | 1,102,254 | 1,095,486 | 1,139,415 | 1,096,061 |
| Tax Levy: (b) | | | | | |
| Cities | 4,055 | 5,656 | 5,139 | 6,006 | 6,147 |
| Towns | 1,271 | 2,575 | 2,168 | 2,060 | 1,610 |
| Villages | 640 | 1,466 | 1,501 | 1,780 | 1,299 |
| Rural Municipalities | 5,826 | 19,892 | 17,784 | 19,559 | 11,956 |
| Total all municipalities | 11,792 | 29,589 | 26,592 | 29,405 | 21,012 |

### PERCENTAGE CHANGES

| | 1913 - 1921 | 1921 - 1925 | 1925 - 1930 | 1930 - 1935 | 1921 - 1935 |
|---|---|---|---|---|---|
| Total population of Province | + 34.5% | + 6.5% | + 12.0% | + 3.0% | + 23.0% |
| Total taxable assessment of all municipalities | - 4.5%(c) | - 0.6% | + 4.0% | - 3.8% | - 0.6% |
| Tax Levy: (b) | | | | | |
| Cities | + 39.5% | - 9.1% | + 16.9% | + 2.3% | + 8.7% |
| Towns | + 102.6% | - 15.8% | - 4.9% | - 21.8% | - 37.5% |
| Villages | + 129.1% | + 2.4% | + 18.6% | - 27.0% | - 11.4% |
| Rural Municipalities | + 241.4% | - 10.6% | + 10.0% | - 38.9% | - 39.9% |
| Total all municipalities | + 150.9% | - 10.1% | + 10.6% | - 28.5% | - 29.0% |

NOTE: Statistics in this table are from the Annual Report of the Department of Municipal Affairs. Population figures are from the Canada Year Book, 1937, p. 153.

(a) Statistics for 1914.
(b) Including levy for municipal and school purposes and provincial taxes levied by municipalities.
(c) Percentage Change 1914-1921.

TABLE 48

TRENDS IN MUNICIPAL TAX LEVIES, POPULATION AND ASSESSMENT:

ALBERTA

(Thousands)

| | 1921 | 1925 | 1930 | 1935 |
|---|---|---|---|---|
| Total population of Province | 588 | 602 | 708 | 764 |
| Total taxable assessment of all municipalities | $676,549 | 650,319 | 585,778 | 518,181 |
| Tax Levy: | | | | |
| Cities (a) | 7,713 | 8,103 | 9,093 | 8,456 |
| Towns (b) | 650(c) | 856 | 927 | 895 |
| Villages (b) | 276 | 246 | 371 | 276 |
| Municipal Districts (b) | 3,155 | 2,651 | 3,690 | 2,758 |
| Total all municipalities | 11,794 | 11,856 | 14,081 | 12,385 |

PERCENTAGE CHANGES

| | 1921 - 1925 | 1925 - 1930 | 1930 - 1935 | 1921 - 1935 |
|---|---|---|---|---|
| Total population of Province | + 2.4% | + 17.6% | + 7.9% | + 29.9% |
| Total taxable assessment of all municipalities | - 3.9% | - 9.9% | - 11.5% | - 23.4% |
| Tax Levy: | | | | |
| Cities (a) | + 5.1% | + 12.2% | - 7.0% | + 9.6% |
| Towns (b) | + 31.7%(c) | + 8.3% | - 3.5% | + 4.6%(c) |
| Villages (b) | - 10.9% | + 50.8% | - 25.6% | no change |
| Municipal Districts (b) | - 16.0% | + 39.2% | - 25.3% | - 12.6% |
| Total all municipalities | + .5%(c) | + 18.8% | - 12.0% | + 4.5%(c) |

NOTE: Statistics in this table are from the Annual Report of the Department of Municipal Affairs. Population figures are from the Canada Year Book, 1937, p. 153.

(a) Includes general municipal and school taxes.
(b) General municipal levy only.
(c) Estimate.

TABLE 49

TRENDS IN MUNICIPAL TAX LEVIES, POPULATION AND ASSESSMENT:

BRITISH COLUMBIA

(Thousands)

| | 1921 | 1925 | 1930 | 1935 |
|---|---|---|---|---|
| Total population of Province | 525 | 588 | 676 | 735 |
| Total taxable assessment of all municipalities | $545,788 | 566,254 | 660,329 | 625,762 |
| Tax Levy: | | | | |
| Cities | 9,469 | 9,790 | 16,489(a) | 15,204 |
| Districts | 3,889 | 4,448 | 2,959(a) | 2,884 |
| Villages | - | 20 | 38 | 42 |
| Total all municipalities | 13,358 | 14,259 | 19,486 | 18,130 |

PERCENTAGE CHANGES

| | 1921 - 1925 | 1925 - 1930 | 1930 - 1935 | 1921 - 1935 |
|---|---|---|---|---|
| Total population of Province | + 12.0% | + 15.0% | + 8.7% | + 40.0% |
| Total taxable assessment of all municipalities | + 3.7% | + 16.7% | - 5.2% | + 14.7% |
| Tax Levy: | | | | |
| Cities | + 3.4% | + 68.5% | - 7.8% | + 60.6%(a) |
| Districts | + 14.4% | - 33.5% | - 2.5% | - 25.8% |
| Villages | - | + 90.0% | + 10.5% | - |
| Total all municipalities | + 6.7% | + 36.7% | - 7.0% | + 35.7% |

NOTE: Statistics in this table are from the Annual Report of the Inspector of Municipalities and of the Department of Municipal Affairs. Population figures are from the Canada Year Book, 1937, p. 153.

(a) Increase in levy for cities and decrease for districts, between 1925 and 1930, due to amalgamation of Districts of Point Grey and South Vancouver with City of Vancouver in 1929.

TABLE 50

PERCENTAGE CHANGES IN MUNICIPAL TAX LEVIES, POPULATION AND ASSESSMENT, 1921 - 1930.

| | Prince Edward Island (a) | Nova Scotia | New Brunswick (b) | Quebec (c) | Ontario | Manitoba | Saskatchewan | Alberta | British Columbia |
|---|---|---|---|---|---|---|---|---|---|
| Population (d) | + 2.9% | - 1.9% | + 7.5% | + 4.1% | +15.4% | +13.0% | +19.3% | +20.4% | +28.8% |
| Taxable Assessment | +34.1% | + 6.0% | + 7.0% | +23.2% | +29.7% | -16.4% | + 3.4% | -13.4% | +21.0% |
| Tax Levy - All Municipalities(e) | +39.5% | +31.4% | +16.7% | +21.3% (f) | +47.8% | - 1.9% | - 0.6% | +19.4% | +45.9% |

(a) Charlottetown and Summerside only.
(b) 23 municipalities.
(c) Statistics for 1928-1930 only.
(d) Total population of province, except in Prince Edward Island and New Brunswick were estimated population of selected municipalities considered.
(e) In Nova Scotia and Quebec tax receipts are used. Tax levies in other provinces are subject to foot-notes in Tables 3 to 11 inclusive.
(f) Municipal tax receipts only.