

rent year a further number of municipalities will be taken from the defaulter's list, and that most of the others will be in process of having refunding plans prepared.

Notwithstanding that these fifteen municipalities have now emerged from default in the strict sense of the word, the department is still exercising a measure of modified control over their affairs. Such has been limited for the most part, however, to approving the yearly budget after conference and agreement with the municipal officials, and then to see that the budget is adhered to. In most cases this modified type of supervision has been requested by the municipalities themselves, rather than forced upon them as some would have you believe, it being recognized that the guiding hand of the department plays no small part in their financial stability, and, in addition, affords them a degree of guidance in administrative and other matters that otherwise would not be obtained.

**Evidence of the high regard held with respect to the financial position of these municipalities and of the increasing confidence that prevails generally with respect to municipal credit may be had from the fact that a number of them have since been able to issue debentures at par or better.**

Similar improvement to that mentioned in the foregoing has also been experienced by municipalities generally throughout the province. It is with regard to these non-supervised municipalities that a greater part of the department's time is now being directed. The principal problems that are receiving attention in this regard are those with respect to assessment, budgeting, accounting, auditing and general municipal procedure.

The foundation for this work has been laid, however, through the facilities of the department that are now available to all municipalities.

As a further impetus to this important work, the department has co-operated with the University of Western Ontario, London; Queen's University, Kingston; and the University of Toronto in conducting schools for municipal officials.

Representatives from the department have taken part in all of these courses of instruction and an enviable measure of success has been experienced in every case.

The department is also working in co-operation with the Municipal Finance Officers' Association in conducting research work on municipal accounting with a view to having prepared a "Manual of Municipal Accounting" for the immediate use of towns and villages. It is further proposed to extend this manual for use by other municipalities with the expectation of placing general accounting practice on a more substantial basis than has obtained in the past.

The introduction of such a reference text in Ontario should tend to both standardize and improve the quality of accounting systems as well as budgetary control and procedure to the benefit of all concerned, and will make it possible for the department to secure more uniform reports from municipalities with respect to their affairs.

It will be readily seen from this brief outline what accomplishments have been experienced to date. To achieve the final goal in this regard, however, means continued application to the work for some time yet to come.

The annual report of municipal statistics, published by the department, has been substantially improved over previous issues, and experience to date indicates quite forcibly that this report satisfies a long felt need for some central agency through which financial as well as statistical and other information pertaining to municipalities and their administration may be obtained.

In addition to the foregoing, the facilities of the department are also utilized largely for the study of proposed changes and improvements in municipal legislation. At the close of each session of the Legislature a bulletin summarizing legislation enacted pertaining to municipalities is distributed by the department. This has proven to be very helpful to municipal officials in keeping abreast of changes and developments in the law affecting Ontario municipalities.

In reviewing the activities of the Department of Municipal Affairs, reference was made to the improved financial outlook of municipalities in Ontario. Let us now examine this improvement from a dollars and cents viewpoint and see what the effect has been on the taxpayer's pocketbook.

Until a few years ago, municipal assessment, debt and taxation increased almost steadily. In 1926 when the assessed population of Ontario was 2,941,437, the taxable assessed value was \$2,806,911,000. By the end of 1935, the population had risen to 3,321,618, an increase of 380,181, or 12.9 per cent, and assessed value had increased \$193,925,000 to \$3,000,836,000, or 6.9 per cent.

During this period debenture debts increased from \$413,475,000 to \$461,653,000, or by approximately 11.7 per cent, with the net debt (after deducting sinking funds) increasing from \$356,431,000 to \$404,819,000, or by almost 14 per cent. Taxation also showed a corresponding jump, being \$102,146,000 for 1926 and \$117,466,000 for 1935, an increase of \$15,320,000, or 15 per cent. These references to taxation include levies for school purposes which when excluded, produce even more startling results, in that the increase for the period was \$18,050,000, or almost 28 per cent, general municipal taxation for 1926 being only \$64,859,000 and for 1935, \$82,909,000.

From 1935 to 1937, however, a worthy and noted improvement has been experienced in each instance. While the assessed population for the Province has increased by 56,214 to 3,377,832, or approximately 1.7 per cent, in this period, assessed values declined \$81,569,000 to \$2,919,267,000, or 2.7 per cent. Gross debenture debt decreased \$35,909,000 to \$425,744,000, or 7.8 per cent, and the net debt (after deducting sinking funds) decreased \$38,904,000 to \$365,915,000, or 9.6 per cent.

Taxation also reflects this downward trend, such being reduced by \$961,000 during the period down to \$116,505,000. Exclusive of educational or school levies, the reduction in taxation for this period is even more gratifying, general municipal taxes being reduced by \$4,348,000 to \$78,561,000, or 5.2 per cent.

One may justly ask how it is that with such a substantial reduction in debt over this period, there is not a proportionate drop in taxation due to reduced carrying charges. The answer is simply this: that while repayments of principal and interests are made each year on the debt, the annual cost to the taxpayer for debt service charges of both principal and interest combined, remains the same until the whole of an issue is repaid.

This applies not only to the serial type of debenture, but also to those issued on the sinking fund plan. In the former case, the municipality provides an equal annual payment covering both interest charges and principal repayments during the whole term of the issue, and while the interest charges reduce each year, the principal repayments correspondingly increase. In the latter instance there is both a fixed payment of interest and payment into the sinking fund during the term of the debenture.

This reduction in taxation on real estate has been possible notwithstanding increased costs for social services and unemployment relief, the demands for which in the last few years have threatened the very foundation of governmental financial structures, both provincial and municipal. This government has recognized the dire need for remedial measures to alleviate the ever-increasing burden of taxation on real property, which until 1936 was, for the most part, placed upon the municipalities by the provincial government, and it was only in 1937, when the finances of the province were placed in order, that definite steps were taken to correct this situation.

What, then, has been done by this government to assist the municipalities? In the first place, it has assumed certain costs that formerly

were a responsibility of the municipalities, and, secondly, it increased and paid subsidies out of its own surpluses.

By reason of the assumption of these services and payment of subsidies by the province, the municipalities generally have been able to reduce taxation which otherwise would not have been possible.

The role played by the Department of Municipal Affairs in the municipal sphere today has also been a contributing factor to this improved position. Its control, assistance and advice to municipalities has produced unquestionable advantages, which are generally recognized throughout the province. The municipalities themselves are also well deserving of mention at this time for their own co-operative efforts with those of the municipal department and the government in facing this grievous problem, the combined results of which speak for themselves.

In the matter of municipal debt reduction, the results experienced in this province are exemplary to say the least. Possibly the leading factor in this respect has been the functions of the Ontario Municipal Board. One of its most important responsibilities is the control and jurisdiction it exercises over capital expenditures of municipalities and the issue of debentures. The effect of requiring the consent and approval of the board to such matters has had a steadying influence on municipalities generally and has resulted in curtailment of more or less haphazard extension of municipal services involving increase in the capital debt, such as has been experienced in the past.

The board's policy in this regard has been to scrutinize carefully all applications for permission to incur additional debt with a view to limiting its approval to only those cases where the contemplated services are absolutely essential, and further where it is within the competence of the municipality to meet the increased burden of debt carrying charge, without impairing or jeopardizing its credit position.

### Unemployment Relief

The cost of unemployment relief in the Province of Ontario in the calendar year 1938 reflected an improvement in unemployment conditions. Costs for that year were \$21,583,027, as against \$22,332,537 for the year 1937. In the year 1938, the total cumulative numbers assisted were 2,741,986, or an average monthly figure of 228,499. In the year 1937 total cumulative numbers assisted were 2,879,988 or an average monthly figure of 239,999.