

Subsection 4.—Municipal Debt

The rapid growth experienced by municipalities in Canada coupled with increased demands and responsibilities for improvements, schools, utilities, and other services or facilities has resulted in the incurring of a heavy burden of debt. Debenture borrowings increased rapidly in the period 1900-12 and again during the 'twenties and early 'thirties. Since 1933, however, the trend has been downward. Several important factors have contributed to this decline in municipal indebtedness, not the least important of which has been the measure of control exercised by Provincial Government departments over capital expenditures involving the incurring of debt. In addition, there was a more or less orderly retrenchment during the depression years following periods of what proved to be unwarranted expansion which, along with widespread demands to ease the tax burden on real property, has resulted in capital undertakings and works requiring debenture financing being severely curtailed. A further significant factor in this regard is that the greater part of the municipal long-term debt is represented by serial or instalment-type debentures, which require yearly repayments of principal. While the benefits of debt reduction are of course manifold, certain expenditures have been sorely needed in many communities for the rehabilitation of existing assets and for new improvements necessitated by the normal expansion and development that has taken place. These were sacrificed in the earlier years mainly in the interest of the taxpayer; and subsequently, with the advent of the present war, this policy of deferment has been continued, if not extended, to free the financial market to the needs of the Dominion Government in meeting its war financing requirements. Municipalities, however, will no doubt play an important role in post-war construction and reconstruction which should result in a resumption of capital expenditures on a fairly large scale. Having been denied, either voluntarily or otherwise, improvement programs for so long, it is anticipated that there will be a natural tendency to get these under way as soon as possible in correlation with master post-war plans of the Dominion and Provincial Governments. Table 41 shows figures of municipal indebtedness for 1943 and includes temporary loans and other liabilities in addition to debenture debt. Table 42 shows comparative figures for 1940, 1941, 1942 and 1943. The 1942 Year Book contains at pp. 792-793, a detailed description of the basis on which the information has been compiled. Reference should be made thereto, as well as to the footnotes to Table 41 in interpreting the information. A table at p. 791 of the 1941 Year Book shows the bonded indebtedness of municipalities from 1919 to 1938.

41.—Debt of Municipal and School Corporations for their Fiscal Years Ended in 1943

NOTE.—Compiled from published reports of Provincial Departments of Municipal Affairs, auditors' reports and financial statements of municipalities, and information secured from other official sources. For a general explanation in regard to the items covered by this table, see text above.

Item	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario
	\$	\$	\$	\$	\$
Direct Debt—					
Debenture debt.....	3,182,305	32,982,693	24,871,117	460,270,081	289,925,470 ¹
Less sinking funds.....	778,697	13,749,185	9,710,585	93,553,055	46,699,389
Net Debenture Debt.....	2,403,608	19,233,508	15,160,532	366,717,026	243,226,081
Temporary loans.....	24,481	904,652	1,026,615	30,482,140	5,892,648 ²
Accounts payable and other liabilities..	42,773	1,623,136	2,123,308	69,950,033	13,975,677
Totals, Direct Liabilities (less sinking funds).....	2,470,862³	21,761,296³	18,310,455³	467,149,199	263,094,406

For footnotes, see end of table p. 966.