Citizen Control of the Citizen's Business

TORONTO'S CITIZENS CAN CONTROL TORONTO'S AFFAIRS ONLY THROUGH FREQUENT, PROMPT, ACCURATE AND PERTINENT INFORMATION WITH REGARD TO TORONTO'S BUSINESS.

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CITY BUDGET STORY NO. 7

The City of Toronto as A Buyer

PUBLIC BUSINESS

on account of its magnitude, SHOULD attract competition. As a result of lack of co-ordination and centralization, the various departments of civic governments rarely operate with that harmony usually found in private business. What should be one large business is, therefore, often resolved into a series of smaller businesses, and the public loses much of the advantage accorded to buyers of large quantities of goods.

DOES OUR CITY OF TORONTO SO PURCHASE ITS REQUIREMENTS AS TO SECURE THE FULLEST ADVANTAGE OF ITS PURCHASING POWER?

The City
including the Board of Education

proposes to buy during 1921, supplies, other than heat, light and power, to the value of

$2,743,202.00

and hundreds of thousands of dollars' worth of equipment and materials, and of supplies such as coal—usually classified under Heat, Light and Power.

Other huge sums will be spent by such civic bodies as the Local Hydro Commission, Harbor Commission and the Transportation Commission, on supplies, equipment and material.

Foodstuffs, forage, oils, fuel, office supplies and equipment, motive and plant equipment, and materials of construction (lumber, stone, cement and hardware) are bought in fairly large quantities by several civic departments and "outside boards," for the most part independently of each other.

Might not a thorough study of prices paid for supplies by Civic Departments and "Outside Boards" result in information the value of which would more than repay the City for the expense incurred?

A LIMITED SURVEY OF THE PROBLEM

In order to indicate what results might be obtained from a complete price study, the Bureau of Municipal Research presents for comparison, prices on a very limited number of commodities as quoted by City Departments, "Outside Boards," and Institutions in receipt of money grants from the Council.

As the publication of the prices for specific commodities paid by any City Department or Board seriously handicaps the buying agent of that Department or Board, necessarily, the information was confidential. The figures reported have, therefore, been recast. The lowest quotation for each commodity has been given an index value of 100, and higher quotations in numbers proportionately higher. The percentages of variation from the low prices can be read clearly from this table.

It is, of course, true that the variation in prices may be explained, in some cases, by differences in quality. The schedule of items on which prices were asked was drawn up to contain those articles most likely to be in common use and for a common purpose, so that there should be little, if any, variance in the quality used by the several departments. Such items as gasoline, wire nails, Portland cement, crushed stone, should be, usually, of one standard quality. Furthermore, when the use to which an article is put is common to two or more departments, the grade or quality of that article should be standardized. When two departments are using different grades of the same article for identical purposes, either an unnecessarily good quality is being used in one department, or the other department is buying an article of so low a grade that an extra quantity must be used to produce the standard result.

Therefore, a variation between different departments as to prices paid suggests the probability of a direct money loss.

Comparison of Prices Paid by the City of Toronto and Related Bodies For Supplies in Common Use, With The Lowest Price Reported By Any Department or Board.

Article	REPORTED PRICES PER UNIT					REMARKS
	Lowest Price Quoted	Other Quotations				
1.	100	217½	.....	.....	.....	Different quality but used for similar purpose.
2.	100	101½	.....	.....	.....	Same grade used for similar purposes.
3.	100	103	107	131	139½	Standard quality used for similar purposes.
4.	100	123	127½	129	.....	
5.	100	100½	106	113	.....	
6.	100	116⅜	133	150	.....	
7.	100	101⅒	102⅕	.....	.....	
8.	100	101	106⅖	124	.....	
9.*	100	103	104	.....	.....	*Large quantities of these supplies are bought for similar purposes by several City Depts. and Boards.
10.*	100	108	111	.....	.....	
11.*	100	103	121	121	.....	
12.	100	103	103 108	103 137	105	Standard quality — used for similar purposes.
13.	100	105	106	106	151	Standard quality—a commonly used article.
14.	100	108 117	.....	.....	.....	Only two departments buy these articles. Different qualities are bought for the same purpose.
15.	100	107	.....	.....	.....	
16.	100	124	.....	.....	.....	

NOTE—Some quotations received included peculiar delivery conditions and were not included in this table.

How much would have been saved to the City if the lowest price quoted had been obtained by all Departments and Boards on their purchases?

Is it not likely that

concentration of purchasing effort applied through a centralized price-getting authority in co-operation with departmental ordering agents

would tend to increase competition for the City's business and also obtain for all Departments and Boards the one lowest price in the purchase of supplies?