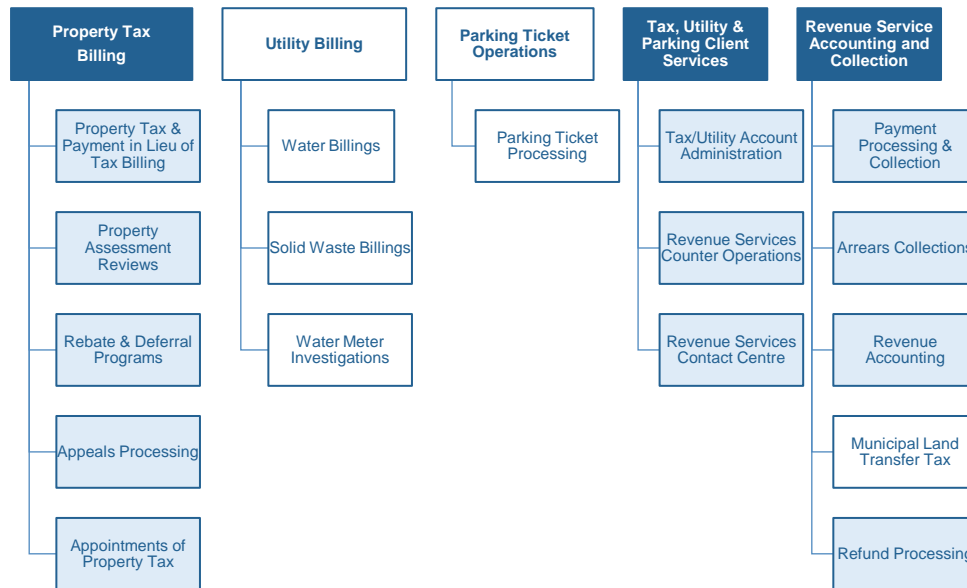


TAXATION SERVICES

PROGRAM MAP

Revenue Services



Shaded boxes reflect the activities covered in this report

Taxation services involve issuing property tax bills, processing payments and collecting outstanding amounts. Property taxes in Ontario consist of; a municipal portion that is used to fund services and programs delivered by the municipality such as emergency services, social programs, roads, culture and recreational programs, libraries, planning and development, and public transit; and an education portion that is used to fund education across Ontario.

The Municipal Property Assessment Corporation (MPAC), an independent corporation, is responsible for determining the Current Value Assessment (CVA) and tax class for all properties in Ontario. Each year, MPAC delivers an annual assessment roll to each municipality containing assessed values for all properties within the municipality. These assessed values form the basis for levying property taxes within the municipality. Each municipality multiplies the municipal property tax rates established by their Council and the education tax rates established by the province against the assessed values to determine and issue property tax bills to property owners. Property tax rates vary by property class, which include:

- Residential properties (including single family dwellings, semi-detached, townhouses, low-rise apartments and condominiums);
- Multi-residential properties (apartment buildings consisting of seven or more rental units);
- Commercial and industrial properties;
- Farmland;
- Pipelines; and
- Managed forests

SUMMARY OF PERFORMANCE MEASUREMENT RESULTS

Question	Indicator/Measure	Internal Comparison of Toronto's 2016 vs. 2015 Results	External Comparison to Other Municipalities (MBNC) By Quartile for 2016	Chart & Page Ref.	
Customer Service Measures					
What percentage of taxpayers take advantage of pre-authorized payment plans?	Percentage of Accounts (All Classes) enrolled in a Pre-Authorized Payment Plan -(Customer Service)	Decrease Enrolment in pre-authorized payment plans decreased	4 Lower rate of accounts enrolled in pre-authorized payment plan compared to others (high number of payment dates in Toronto is a factor)	32.1 32.2 pg. 4	
Efficiency Measures					
How successful is the City in collecting property taxes billed in the current year?	Current Year's Tax Arrears as a Percentage of Current Year Levy – (Efficiency)	Stable Current year's tax arrears was stable	2 Percentage of current year's tax arrears is lower compared to others	32.3 32.4 pg. 5/6	
How successful is the City in collecting property taxes outstanding from prior years?	Percentage of Prior Year's Tax Arrears as a Percentage of Current Year Levy – (Efficiency)	Stable Prior year's tax arrears was stable	2 Low percentage of prior year's tax arrears compared to others	32.3 32.4 pg. 5/6	
What does it cost to administer a tax account?	Operating Cost to Maintain Taxation Accounts per Account Serviced – (Efficiency)	Decrease Cost per account maintained decreased	3 Higher cost per tax account maintained compared to others (higher service levels/programs is a factor)	32.5 32.6 pg. 7/8	
Overall Results		Service Level Indicators (Resources) N/A	Performance Measures (Results) <div style="font-size: small;"> 1 - Favourable 2 - Stable 1 - Unfavourable </div> 75% favourable or stable	Service Level Indicators (Resources) N/A	Performance Measures (Results) <div style="font-size: small;"> 0 - 1st quartile 2 - 2nd quartile 1 - 3rd quartile 1 - 4th quartile </div> 50% in 1st and 2nd quartiles

For an explanation of how to interpret this summary and the supporting charts, please see the Guide to Toronto's Performance Results. These quartile results are based on a maximum sample size of 10 municipalities.

CUSTOMER SERVICE

Pre-authorized property tax payment programs (PAP) allow taxpayers to have tax installments withdrawn directly from their bank account and paid to the municipality to ensure that tax payments are received in full and on time. This service is convenient for taxpayers and makes it more efficient for municipalities to handle and process tax payments.

32.1 –WHAT PERCENTAGE OF TORONTO TAXPAYERS TAKE ADVANTAGE OF THE PREAUTHORIZED PAYMENT PLAN?

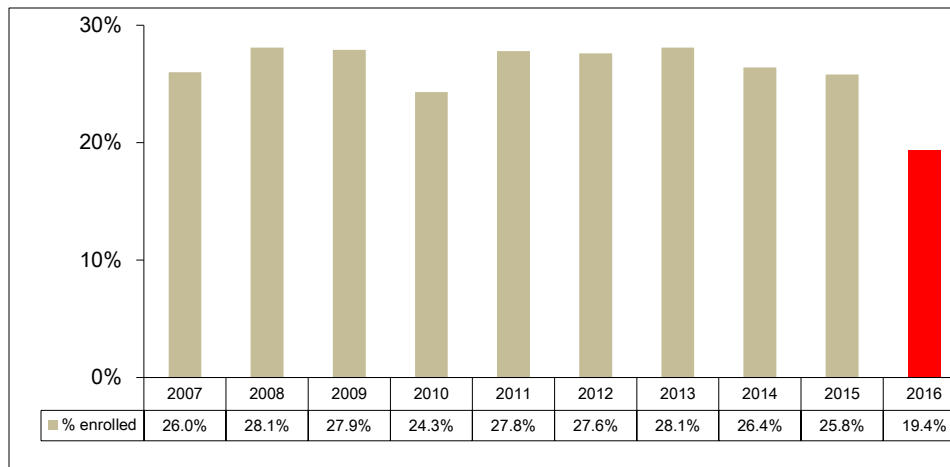


Chart 32.1 (City of Toronto) Percent of All Tax Accounts Enrolled in Pre-Authorized Payment Plans

Chart 32.1 reflects the percentage of Toronto’s tax accounts enrolled in the PAP program and shows an increasing long term trend. In 2016, the total number of tax accounts increased by 27,492 while the number of taxpayers taking advantage of the PAP program decreased by 16,476.

32.2 – HOW DOES TORONTO'S RATE OF ENROLMENT IN ITS PRE-AUTHORIZED PAYMENT PLAN COMPARE TO OTHER MUNICIPALITIES?

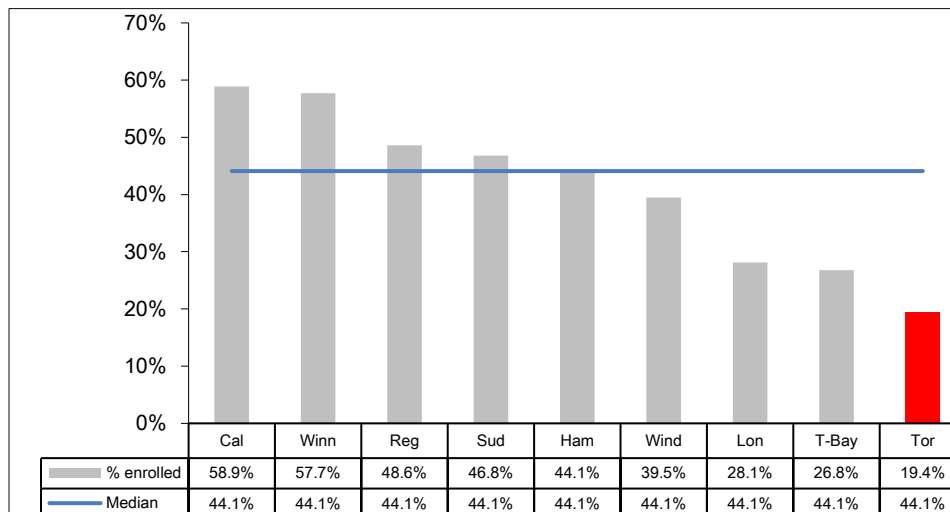


Chart 32.2 (MBNC 2016) Percent of All Tax Accounts Enrolled in Pre-Authorized Payment Plans

Chart 32.2 compares Toronto’s 2016 rate of enrolment in a PAP program to other municipalities. Toronto ranks ninth of nine (fourth quartile) in terms of having the highest enrolment rate.

Toronto's lower ranking for this measure may be due to the fact that Toronto has the greatest number of regular payment due dates (six), while other municipalities have from two to four. Experience has shown that the fewer the number of due dates (and the larger the cheques that must be written), the greater the participation in PAP programs where the payee can spread their payments out over a longer period of time. Reducing the number of due dates in Toronto could have the potential to increase PAP enrolment and improve efficiency.

EFFICIENCY

After municipalities issue annual property tax bills, staff follow up on those accounts that have not submitted payments by the specified due dates.

One method of evaluating the success of municipalities in collecting property taxes is to examine the rate of tax arrears (taxes receivable or outstanding) as a percentage of the property taxes billed. The objective is to have a low rate of arrears for:

- The current year, which for 2016 was the amount of 2016 property taxes outstanding as a percentage of the 2016 taxes billed;
- Prior years, which for 2016 was the amount of 2015 and prior year's taxes outstanding as a percentage of the 2016 taxes billed.

32.3 –HOW SUCCESSFUL IS TORONTO IN COLLECTING PROPERTY TAXES?

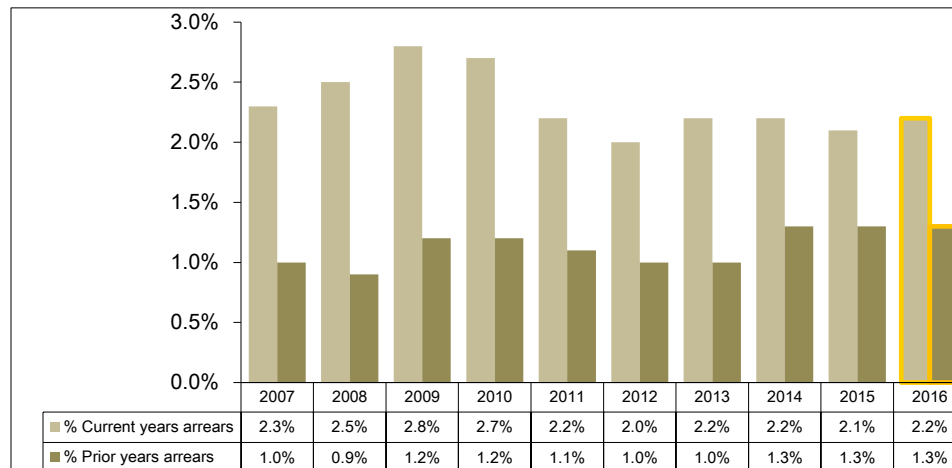


Chart 32.3 summarizes Toronto's rate of current and prior years' tax arrears.

Chart 32.3 (City of Toronto) Current and Prior Year's Tax Arrears as a Percent of Current Year's Tax Levy

In 2016, prior year's tax arrears and current year's tax arrears remained stable.

32.4 – HOW DOES TORONTO'S RATE OF COLLECTING PROPERTY TAXES COMPARE TO OTHER MUNICIPALITIES?

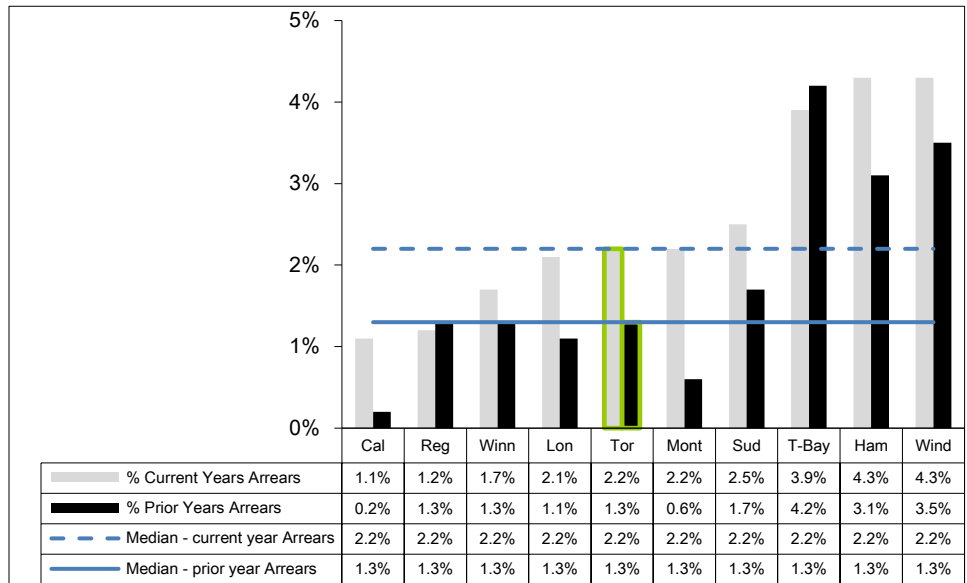


Chart 32.4 compares Toronto's 2016 rate of current and prior years' property tax arrears to other municipalities.

Chart 32.4 (MBNC 2016) Current and Prior Year's Tax Arrears as a Percent of Current Year's Tax Levy

In terms of the lowest rate of tax arrears, Toronto ranks fifth of ten (second quartile) for the rate of current year's tax arrears and fourth of ten (second quartile) for tax arrears for prior years.

In Toronto, there are more than 790,000 property tax accounts that staff maintain and support. This work involves processes such as:

- Applying assessed values received from the Municipal Property Assessment Corporation;
- Issuing tax bills and processing payments;
- Responding to enquiries;
- Following up on outstanding property taxes receivable; and
- Making adjustments to accounts based on ownership changes, successful appeals, rebates, etc.

32.5–WHAT DOES IT COST IN TORONTO TO ADMINISTER A TAX ACCOUNT?

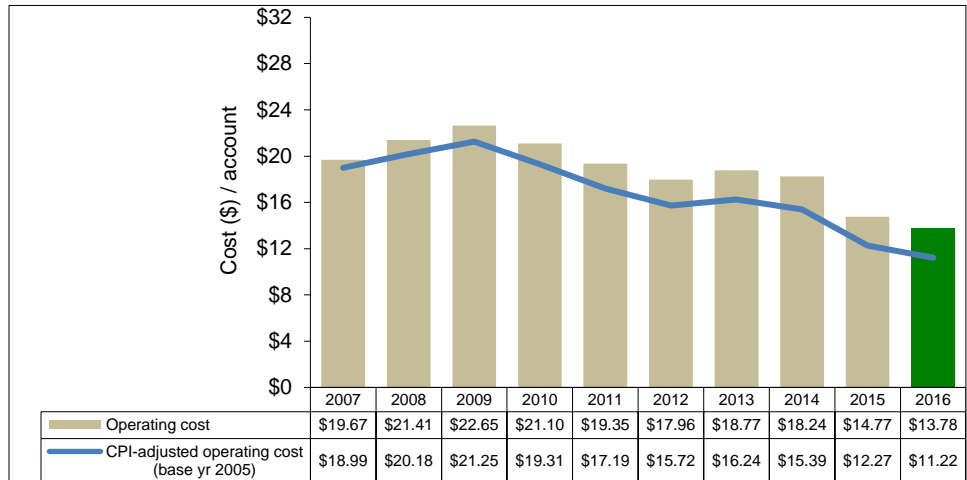


Chart 32.5 reflects Toronto’s annual operating cost to maintain and service a tax account.

Chart 32.5 (City of Toronto) Operating Cost per Property Tax Account Maintained/Serviced

Starting in 2009, changes in accounting policies were instituted; therefore, results of 2009 and subsequent years are not as comparable to 2008 and prior years. More information is available in the Guide to Toronto's Performance Results. Toronto's 2016 costs per account decreased slightly, relating primarily to lower allocations of program support costs. This was accomplished by accommodating approximately 27,492 new tax accounts at existing staff levels.

To reflect the impact of inflation, Chart 33.5 also provides Consumer Price Index (CPI) adjusted operating costs, which are plotted as a line graph. This adjustment discounts the actual operating cost result for each year by the change in Toronto’s CPI since the base year of 2005.

32.6 – HOW DOES TORONTO'S COST TO ADMINISTER A TAX ACCOUNT COMPARE TO OTHER MUNICIPALITIES?

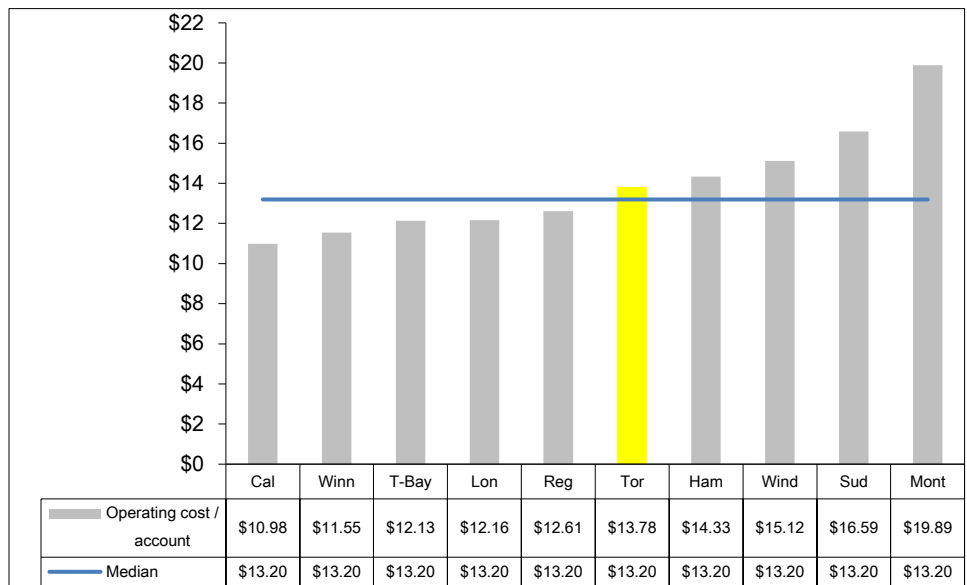


Chart 32.6 shows Toronto's 2016 cost to maintain a tax account compared to other municipalities.

Chart 32.6 (MBNC 2016) Operating Cost per Property Tax Account Maintained / Serviced

Toronto ranks sixth of ten (third quartile) when comparing the lowest cost per account maintained. Toronto's higher costs are likely due to higher service levels and programs such as the cancellation of tax increases for low-income seniors and the disabled, tax deferrals for low-income seniors and the disabled, and rebate programs for veterans' organizations, ethno-cultural groups, vacancy and registered charities.

Toronto has a full team dedicated to defending the City's assessment base to ensure that property assessment information is complete and accurate. It should be noted that Toronto has the highest commercial and industrial base of the MBN Canada municipalities and these accounts are significantly more time consuming to administer.

Commercial and industrial properties are generally more complicated in relation to their appeals, tax and rebate calculations and overall general administration, thus increasing Toronto's overall costs to maintain a tax account.

2016 ACHIEVEMENTS AND 2017 PLANNED INITIATIVES

The following initiatives have improved or are expected to further improve the efficiency and effectiveness of Toronto's Taxation Services:

2016 Achievements

- Received the City Manager's Award in the Cross Corporate Project category for the newly developed self-service on-line property tax, utility billing and parking tag lookups
- Integrated tier 1 and tier 2 call centre operations with Revenue Services and 311 for all tax and utility telephone inquiries, with a roll-out of Tax Management and Collections System (TMACS) and Utility Management and Collections System (UMACS) along with the tax and utility look-up functionality for all 311 staff, to better respond to enquiries and improve customer service

2017 Planned Initiatives

- Continue to administer more than 790,000 property tax accounts.

Factors Influencing the Results of Municipalities

The results of each municipality included in this report can be influenced to varying degrees by factors such as:

- Types of collection procedures: acknowledging the expectations of Council in collection efforts, and any mandated policies or procedures.
- Economic condition: municipal unemployment rate, cost of living, rate of growth in property assessments, etc.
- Variety and level of programs offered to the tax payer: number and complexity of tax rebates, deferral and/or tax cancellation programs, Business Improvement Area initiatives, etc.
- Degree to which tax billing systems are automated: some municipalities develop and maintain their own systems to calculate and issue billings, some municipalities use provincially-developed systems or external consultants to calculate taxes and still others employ a combination of these approaches.
- Range and number and/or flexibility of payment instalment dates: types of payment options such as pre-authorized payment plans (PAP, where payments are withdrawn electronically), or internet-based payment options and the extent and effectiveness of advertising for these programs.
- Number of payment-in-lieu of tax accounts administered by the municipality: accounts may require specialized or manual bill calculations, or negotiated payments, resulting in higher costs to service a small number of accounts.
- Government Policies: Ministry required standardized billing and capping methodologies require frequent software upgrades to maintain legislation compliance