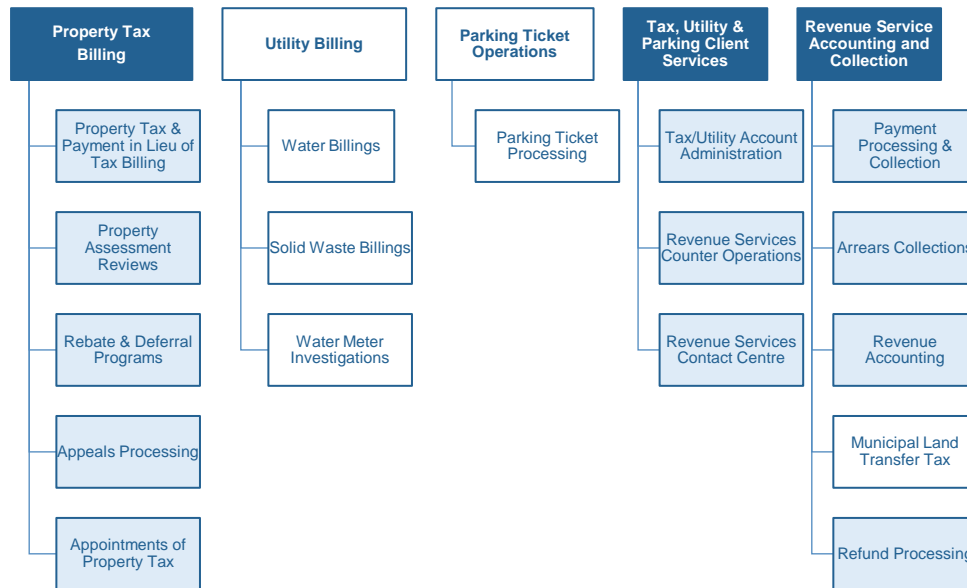


TAXATION SERVICES

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 2017 vs. 2016 Results	External Comparison to Other Municipalities (MBNC) By Quartile for 2017	Chart & Page Ref.
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 (Customer Service)	4 Lower rate of accounts enrolled in pre-authorized payment plan compared to others (high number of payment dates in Toronto is a factor) (Customer Service)	32.1 32.2 pg. 5
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 (Efficiency)	2 Percentage of current year's tax arrears is at median compared to others (Efficiency)	32.3 32.4 pg. 6/7
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)	Slight Decrease Prior year's tax arrears slightly decreased (Efficiency)	2 Percentage of prior year's tax arrears is at median compared to others (Efficiency)	32.3 32.4 pg. 6/7
What does it cost to administer a tax account?	Operating Cost to Maintain Taxation Accounts per Account Serviced – (Efficiency)	Stable Cost per account maintained was stable (Efficiency)	2 Cost per tax account maintained was at median compared to others (higher service levels/programs is a factor) (Efficiency)	32.5 32.6 pg. 8/9

SUMMARY OF OVERALL RESULTS

Internal Comparison of Toronto's 2017 vs. 2016 Results	Internal Comparison of Toronto's 2017 vs. 2016 Results	External Comparison to Other Municipalities (MBNC) By Quartile for 2017	External Comparison to Other Municipalities (MBNC) By Quartile for 2017
Service Level Indicators (Resources)	Performance Measures (Results)	Service Level Indicators (Resources)	Performance Measures (Results)
N/A	<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 100%;">  </div> <div style="width: 100%; text-align: center;"> <p>75% favourable or stable</p> </div> </div>	N/A	<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 100%;">  </div> <div style="width: 100%; text-align: center;"> <p>75% in 1st and 2nd quartiles</p> </div> </div>

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 11 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?

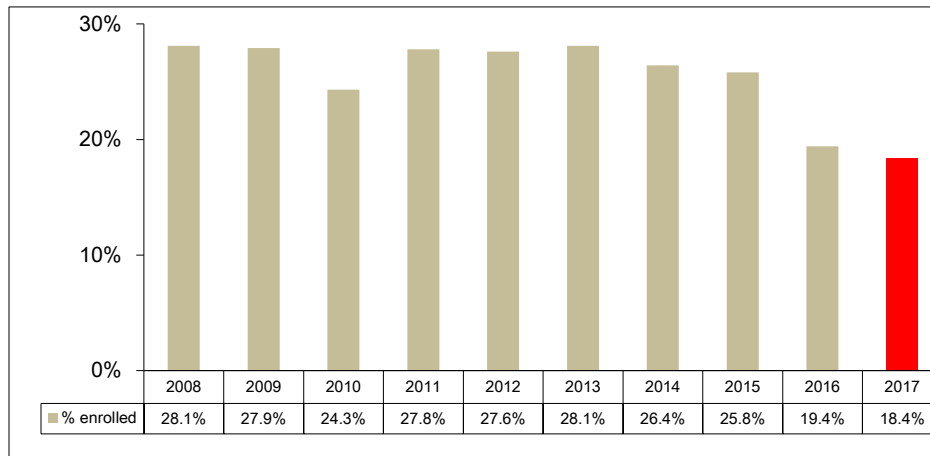


Chart 32.1 reflects the percentage of Toronto's tax accounts enrolled in the PAP program and shows a slightly decreasing long term trend. In 2017, the total number of tax accounts increased by 13,455 while the number of taxpayers taking advantage of the PAP program decreased by 5,676.

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

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

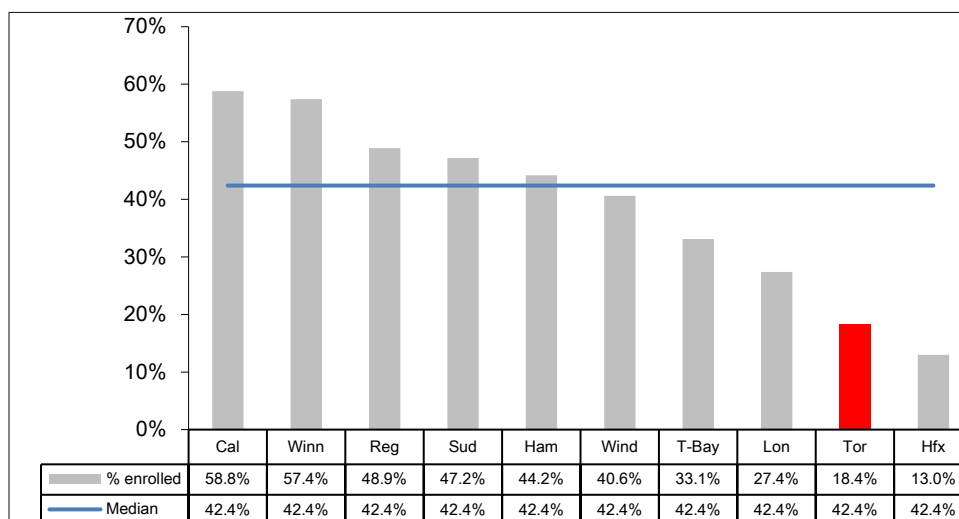


Chart 32.2 compares Toronto's 2017 rate of enrolment in a PAP program to other municipalities. Toronto ranks ninth of ten (fourth quartile) in terms of having the highest enrolment rate.

Chart 32.2 (MBNC 2017) Percent of All Tax Accounts Enrolled in Pre-Authorized Payment Plans

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 2017 was the amount of 2017 property taxes outstanding as a percentage of the 2017 taxes billed;
- Prior years, which for 2017 was the amount of 2016 and prior year's taxes outstanding as a percentage of the 2017 taxes billed.

32.3 –HOW SUCCESSFUL IS TORONTO IN COLLECTING PROPERTY TAXES?

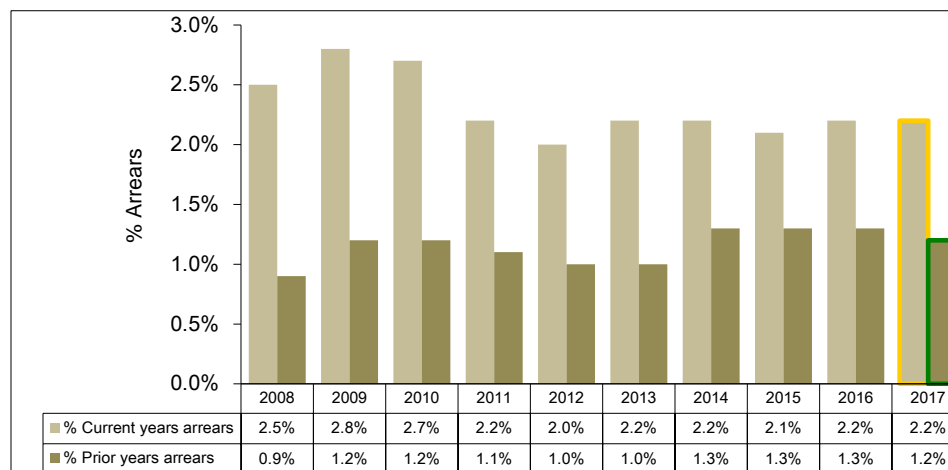


Chart 32.3 summarizes Toronto's rate of current and prior years' tax arrears.

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

In 2017, prior year's tax arrears decreased slightly and current year's tax arrears remained stable.

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

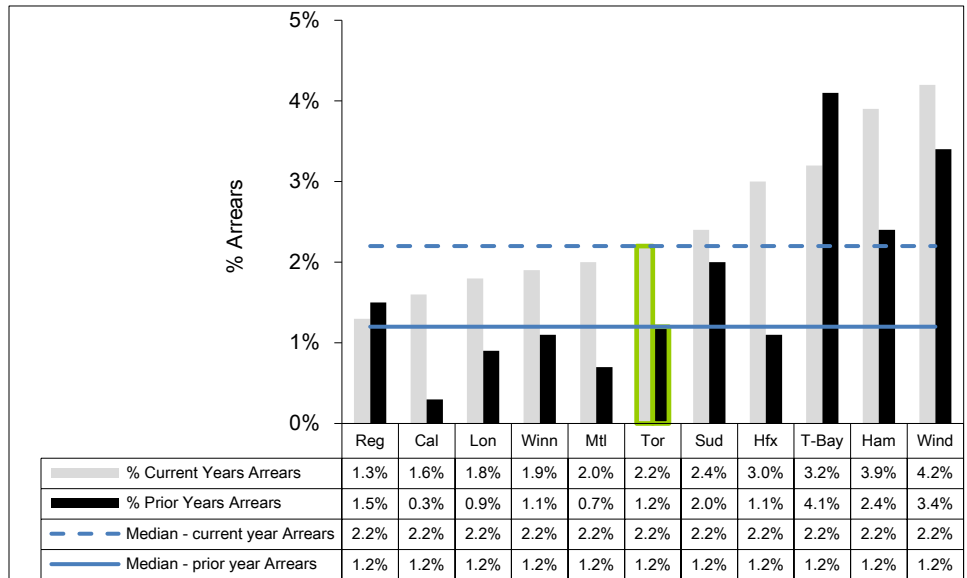


Chart 32.4 compares Toronto's 2017 rate of current and prior years' property tax arrears to other municipalities.

Chart 32.4 (MBNC 2017) 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 sixth of eleven (second quartile) for the rate of current year's tax arrears and sixth of eleven (second quartile) for tax arrears for prior years.

In Toronto, there are more than 804,000 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?

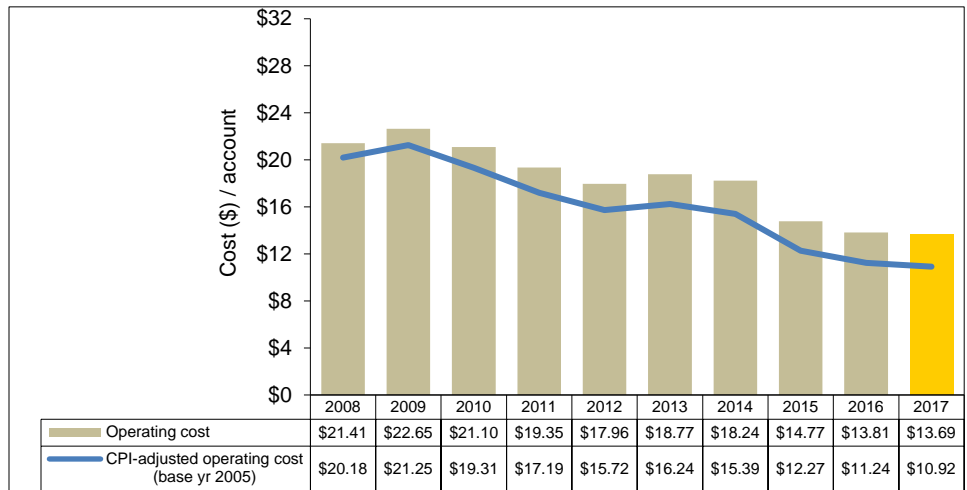


Chart 32.5 reflects Toronto's annual operating cost to maintain and service a tax account.

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. Toronto's 2017 costs per account was relatively stable. This was accomplished by accommodating approximately 13,455 new tax accounts at existing staff levels.

To reflect the impact of inflation, Chart 32.5 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?

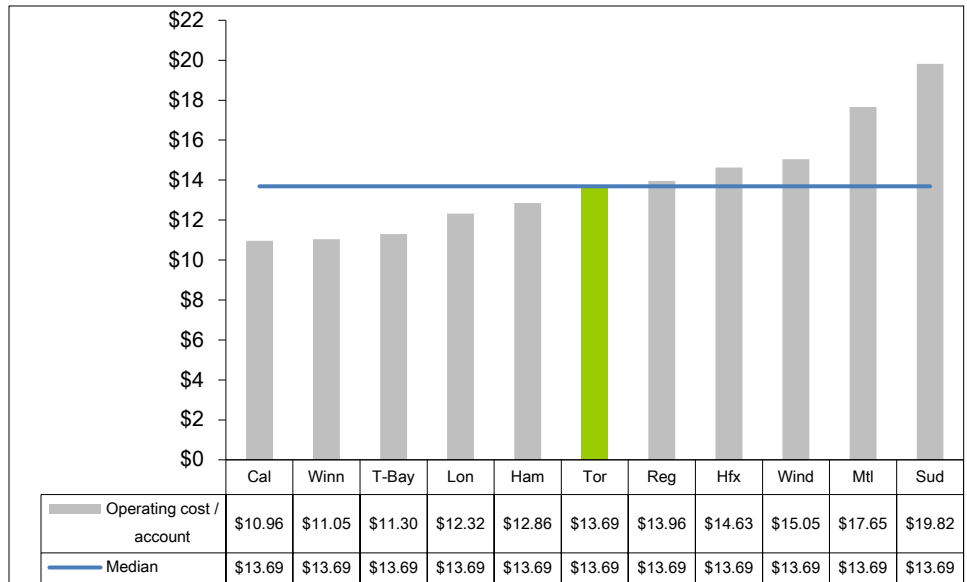


Chart 32.6 shows Toronto's 2017 cost to maintain a tax account compared to other municipalities.

Chart 32.6 (MBNC 2017) Operating Cost per Property Tax Account Maintained / Serviced

Toronto ranks sixth of eleven (second quartile) when comparing the lowest cost per account maintained.

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 generally has the highest commercial and industrial base of the MBNCanada 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.

2017 ACHIEVEMENTS AND 2018 PLANNED INITIATIVES

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

2017 Achievements

- Launched a new online self-service website to order tax and utility certificates, reducing the turnaround time for requests from 14 days to 2 days through automation and credit card pre-payment.
- Successfully launched new Administrative Penalty System (APS) for parking violations, in partnership with Court Services, Legal Services and Toronto Police Service, to move parking ticket disputes out of the provincial court system to a City-administered process. The new APS system provides a more cost-effective and responsive method to dispute parking violations that allows disputes to be resolved either online or in-person.
- Implemented a Municipal Land Transfer Tax (MLTT) rate structure harmonization with the Provincial Land Transfer Tax (LTT).
- Implemented the new City Building Fund levy on the final 2017 property tax bills, as adopted by Council

2018 Planned Initiatives

- Continue to support and develop online self-service options for Tax and Utility billings.
- Modernization of the City's property tax and utility billing systems to a new sustainable platform and to further enable web-based services
- Development of system-driven performance indicators and dashboards to capture productivity statistics in real time

Factors Influencing 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