

## **A Report to the Residents of Toronto on the City of Toronto's 2002 Performance September 30, 2003**

---

This summary is intended to provide background information on the different types and amounts of taxes an average family will pay to all three levels of governments in 2003 followed by more detailed information on the performance of the City of Toronto including 2002 results under the Municipal Performance Measurement Program (MPMP).

### **Context**

The primary goal of all three levels of government, federal, provincial and municipal, is to provide or fund public services that are critical in the day to day lives of citizens and to deliver these services in an efficient and effective manner. In order for citizens to assess the value they are receiving for their tax dollar it is important to have a general understanding of:

- how much and what different types of taxes they pay over the course of a year
- what level of government these taxes are paid to and in what proportions
- how these tax dollars are used by each of the three levels of government

### **How Much and What Types of Taxes Will an Ontario Family Pay in 2003**

Families pay taxes regularly throughout the year in many different forms. Some taxes such as income tax, employment insurance and Canada Pension Plan premiums are deducted at source from gross salaries. Other consumption based taxes like GST and PST are paid at the point of purchase and can amount to 15% of the purchase price while others such as gasoline, liquor and tobacco taxes are embedded in the purchase price and as a result are not always evident. Property tax is based on a percentage of the assessed value of land and buildings, with two thirds of the bill utilized for municipal purposes and the remainder for educational purposes. Property tax is also highly visible and is the only form of tax where taxpayers receive a bill they are required to pay usually through a cheque or pre-authorized bank withdrawal.

In recent years the Toronto economy has thrived and contributed significantly to the large increases in total revenues that the provincial and federal levels of government have realized from the various forms of income and consumption-based taxation at their disposal. As incomes, prices and consumer purchase volumes rise in Toronto and elsewhere in the country, so do provincial and federal income and sales taxes and these increased revenues in large part have helped to solve their deficit issues.

On the other hand, the City of Toronto's only source of taxation revenues is property tax, which does not increase with inflation and is unrelated to the levels of incomes or purchases in the City. Consequently, the municipal level of government has not benefited to the same extent from Toronto's thriving economy.

Charts 1 and 2 below provide summaries based on the work of the Fraser Institute, of the types and amounts of total taxes paid by an average Ontario family with two or more individuals. In 2003, it is estimated an average family with a total income of \$81,437 will pay approximately \$39,071 in total taxes to all levels of government. Of this amount only \$2,065 or 5.3% of the total taxes paid is for municipal property tax, which as noted earlier, is the only form of taxation available to municipalities in Ontario. In Toronto this \$2,065 in municipal property taxes is equivalent to that generated in 2003 from a house assessed at \$315,000.

# A Report to the Residents of Toronto on the City of Toronto's 2002 Performance

## September 30, 2003

Chart 1

### Total Taxes Paid in 2003 (\$39,071)

(for an Average Ontario Family with Two or More Individuals and a Cash Income of \$81,437)

Applicable Tax	Taxes Paid \$	Applicable Tax as % of Total Taxes	Applicable Tax as % of Total Cash Income of \$81,437
<b>Applicable Taxes</b>			
Income tax	13,254	33.9%	16.3%
Sales taxes	6,931	17.7%	8.5%
Liquor, tobacco, amusement & other excise taxes	2,321	5.9%	2.9%
Automobile, fuel and motor vehicle license taxes	1,001	2.6%	1.2%
Social security, pension, medical and hospital taxes	8,142	20.9%	10.0%
Import duties	357	0.9%	0.4%
Profits tax	3,160	8.1%	3.9%
Natural resource levies	28	0.1%	0.0%
Other taxes	757	1.9%	0.9%
Property tax - education component (note 1)	1,055	2.7%	1.3%
Subtotal before Municipal Portion of Property Tax	37,006	94.7%	45.4%
<b>Property tax - municipal component (note1)</b>	<b>2,065</b>	<b>5.3%</b>	<b>2.5%</b>
<b>Total taxes (B)</b>	<b>39,071</b>	<b>100.0%</b>	<b>47.9%</b>
<b>Cash Income after taxes</b>	<b>42,366</b>	<b>n/a</b>	<b>n/a</b>

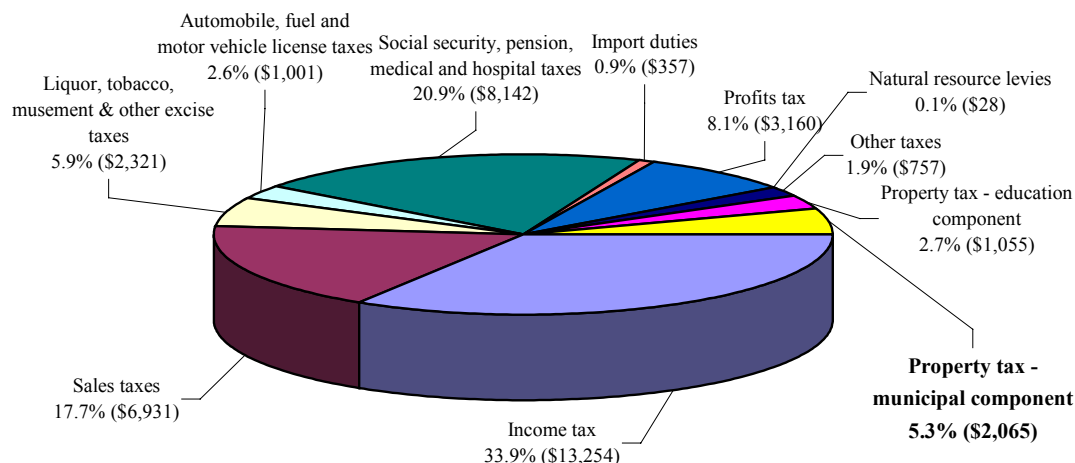
Source: The Fraser Institute, June 27, 2003 based on average Ontario family of two or more with a cash income of \$81,437

Notes:

1. The property taxes reflected in the Fraser Institute study of \$3,120 for an average Ontario family have been split between municipal and educational components using the City of Toronto's 2003 residential property tax rates

Chart 2

### Total Taxes Paid (\$39,071) in 2003 for Average Ontario Family (by Type of Tax)



Source: The Fraser Institute, June 27, 2003 based on average Ontario family of two or more with a cash income of \$81,437

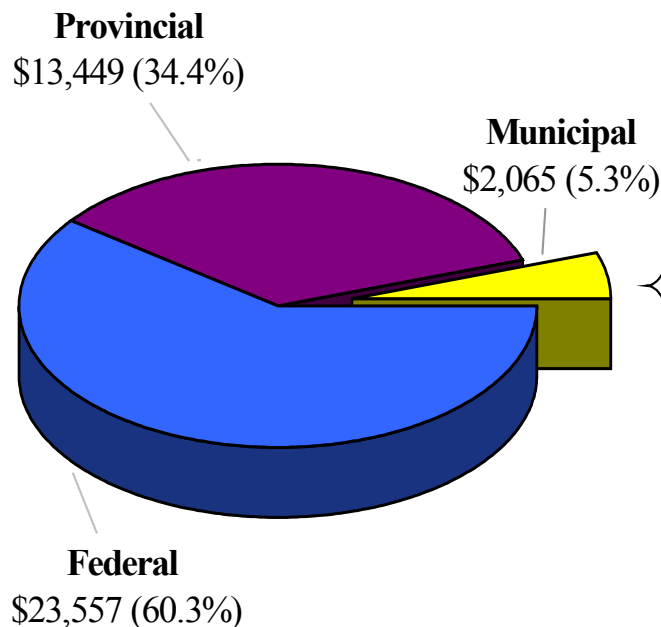
# A Report to the Residents of Toronto on the City of Toronto's 2002 Performance

## September 30, 2003

### To What Level of Government do These Tax Dollars Go To

Chart 3, below, takes the information on the various types and amounts of taxes reflected in charts 1 and 2 and categorizes it according to what level of government receives it.

**Chart 3**  
**Total Taxes Paid (\$39,071) in 2003**  
**by Average Ontario Family (by Level of Government)**



**How Your 2003 Municipal Tax Dollars are Spent in Toronto**  
(Based on a home with an assessed value of approximately \$315,000)

Toronto Municipal Service	Amount	% of All Taxes
Police	\$460	1.18%
Fire	\$199	0.51%
Hostels and Social Housing	\$198	0.51%
Debt Charges	\$176	0.45%
Public Transit (TTC)	\$165	0.42%
Social Services	\$160	0.41%
Transportation (Roads, signals, bridges)	\$128	0.33%
Parks and Recreation	\$109	0.28%
Libraries	\$88	0.23%
Garbage & Recycling	\$80	0.20%
Public Health	\$50	0.13%
Childcare	\$45	0.12%
Ambulance	\$33	0.08%
Information and Technology	\$28	0.07%
Financial Management	\$26	0.07%
Community Grants	\$25	0.06%
Facilities Management & Real Estate	\$23	0.06%
Homes for the Aged	\$20	0.05%
Human Resources	\$18	0.05%
Council	\$13	0.03%
Planning, Building, Licensing & Standards	\$12	0.03%
Other	\$9	0.02%

**Total Taxes - Toronto Municipal Services**      **\$2,065**      **5.3%**

Source: The Fraser Institute, June 27, 2003 based on average Ontario family of two or more with a cash income of \$81,437

Note : The average home in Toronto, including condominiums, is assessed in 2003 at \$295,000 and would generate \$1,936 in municipal property taxes in 2003. The example above showing how Toronto's tax dollars have been spent, has been adapted to correlate with the \$2,065 in municipal property taxes reflected in the Fraser Institute work which in Toronto is equivalent to a home assessed at approximately \$315,000.

As can be seen, municipalities receive by far the lowest portion of an average family's total taxes at 5.3% or \$2,065 of the \$39,071 in taxes paid to all levels of government.

### How Your Municipal Tax Dollars are Used in the City of Toronto

Chart 3 above, also illustrates the cost of the various municipal services that are provided to citizens in Toronto for the \$2,065 in municipal property taxes that are paid in 2003 on a house assessed at \$315,000. Upon review of this data, it becomes apparent that Toronto's revenue sources are not commensurate with its responsibility for delivery of such a wide variety of critical services to its citizens. This disparity is not sustainable.

# **A Report to the Residents of Toronto on the City of Toronto's 2002 Performance**

## **September 30, 2003**

---

### **The Contribution Toronto's Economy Makes to Ontario and Canada**

The Federation of Canadian Municipalities, the Association of Municipalities of Ontario, the Toronto Dominion Bank, the Toronto Board of Trade, as well as the City of Toronto have all recognized the need for new tools and a new deal with the senior levels of government in order for large municipalities to remain successful in the 21st century. Toronto is the key economic engine of Ontario with an estimated Gross Domestic Product (GDP) of \$98 billion (2001) which alone contributes one fifth of Ontario's GDP and one-tenth of Canada's GDP. This contribution is contrasted against the findings of research done by the Toronto Board of Trade in June 2002 which estimated that, based on 2000 data, the federal and provincial governments collected \$7.6 billion and \$1.4 billion respectively or \$9 billion in total, more in taxes each year from Toronto than they spent or invested in the City. Toronto's economic engine must be maintained and fueled so that it can continue to prosper in the future.

### **The Municipal Performance Measurement Program (MPMP)**

The Province of Ontario introduced the Municipal Performance Measurement Program (MPMP) in 2000 with the purpose of "enhancing accountability" in the municipal sector. Additional provincial objectives for MPMP are to improve service delivery, share best practices within and among municipalities and to increase taxpayer awareness.

This program requires mandatory reporting by all Ontario municipalities, of 2002 MPMP results to the Ministry of Municipal Affairs & Housing by June 30<sup>th</sup> and to taxpayers by September 30<sup>th</sup>. Since the original introduction of the program in 2000, the program has been expanded from sixteen performance measures, to twenty-six (thirty-eight including component measures, thirty-two of which are applicable to Toronto) for 2002.

The ten service areas currently included under MPMP are listed below, however, they only cover a portion of the municipal services provided by Toronto.

1. Local Government
2. Fire
3. Police
4. Roads
5. Public Transit
6. Wastewater
7. Stormwater
8. Water
9. Solid Waste
10. Land-Use Planning

There are two ways to evaluate the City's performance using MPMP results:

- (a) Internally through comparing the city's own year over year results
- (b) Externally by comparing Toronto's results with the trends of other Ontario municipalities while taking into consideration factors unique to Toronto that influence the City's results

# A Report to the Residents of Toronto on the City of Toronto's 2002 Performance

## September 30, 2003

---

### *Toronto's 2002 MPMP Results Versus 2001*

Of the 32 MPMP measures applicable to Toronto in 2002, approximately 63% of the measures have either the maximum possible result, an improved result or a stable result relative to 2001, as illustrated in chart 4 below.

**Chart 4**  
**Toronto's 2002 vs. 2001 MPMP Results**  
**(Total of 32 Measures)**

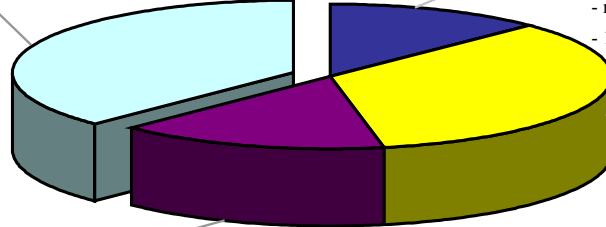
**Less Favourable Result - 37% (12 measures)**

Examples include:

- transit costs and trips per person up ( increased wage rates and lower ridership)
- fire and policing costs up due to higher wage rates

**Maximum Possible Result - 13% (4 measures)**

- 100% of roads cleared in winter, met or exceeded standards
- no boil water advisories
- no Ministry Environment compliance orders at solid waste facilities
- 100% of new development within settlement areas



**Stable Result - 16% (5 measures)**

- governance and corporate management costs-stable
- property crime rate - stable
- % of paved roads rated good to very good - stable
- total cost of wastewater per megalitre - stable
- cost of water distribution per km of pipe - stable

**Improved Results - 34% (11 measures)**

Examples include:

- violent crime, youth crime and total crime rates - down
- cost of roads maintenance per lane km - down
- cost of winter roads maintenance per lane km - down
- cost of treatment & disposal of wastewater per megalitre - down
- cost of treatment of drinking water per megalitre - down
- cost of waste diversion per tonne - down
- waste diversion rates - up

Toronto's 2002 MPMP results are available in either a summary or detailed version.

- The [Summary Version of Toronto's 2002 MPMP Results](#) is 38 pages in length and includes, for each of the measures reported, a one page background of the key factors that influence Toronto's results relative to other municipalities.
- A more detailed July 2, 2003 report "[The Provincial Requirement to Report 2002 Results Under the Municipal Performance Measurement Program \(MPMP\)](#)", approved by Council, is 90 pages in length and includes full explanations for all of the major factors influencing Toronto's results.

## **A Report to the Residents of Toronto on the City of Toronto's 2002 Performance September 30, 2003**

---

### ***Toronto's MPMP Results Versus Other Municipalities***

Making meaningful comparisons of performance measurement results from one municipality to another is a complex process. Each municipality in Ontario has its own unique factors that must be taken into consideration when examining and comparing performance measurement results. These factors impact each municipality differently and include:

- Services provided in some regions by a single tier of municipal government versus two tiers in other regions. For some measures it may be necessary to combine both regional and local results in comparisons with Toronto.
- Different service levels and standards.
- Differences in the age of infrastructure and the intensity of use of that infrastructure.
- Different socio-demographic composition and related service needs.
- Different urban and rural forms and the related impact on services.
- Different financial policies such as the dollar threshold established for capital expenditures.

Without a clear understanding of these environmental and policy factors unique to each municipality, premature conclusions about performance measurement comparisons could be made out of context. For example, if municipality A has a better performance measurement result it does not necessarily mean that it is more efficient. It may have a lower service level or standard than other municipalities or a different urban form that influences its result.

Toronto is also unique among Ontario municipalities because of its size and its role as the centre of business, culture, entertainment, sporting and provincial and international governance activities in the Greater Toronto Area. Approximately 16 million tourists visit Toronto each year and there is a daily influx of 286,900 vehicles and 351,300 persons from surrounding regions into Toronto during the morning rush hours. All of these factors pose special demands on Toronto's municipal services and are outlined in Toronto's detailed MPMP report for 2002.

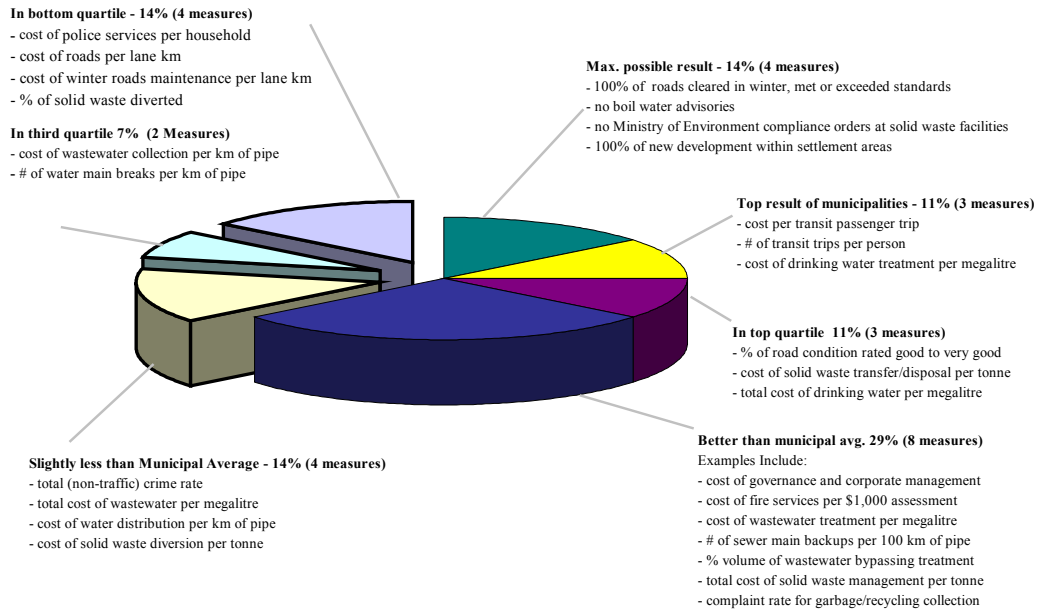
Despite some of the limitations noted above in comparing MPMP results, it is felt that these comparisons are important to gain a greater understanding of Toronto's performance. To do this comparison 2001 MPMP results were obtained from forty of the larger regional, local and single tier municipalities in the Greater Toronto Area and the province. This comparison showed that of the twenty-eight MPMP measures applicable to Toronto in 2001, a total of eighteen or 64% were above the average for these municipalities. These results are summarized in chart 5 below. (Please note that not all of the MPMP measures were applicable in some of the municipalities and in a few cases some municipalities had not reported their results at the time this work was completed.)

The November 22, 2002 report, [Toronto's 2001 Results under the Municipal Performance Measurement Program \(MPMP\) Relative to Other Ontario Municipalities](#), provides results for each of the twenty-eight MPMP measures included as well as the major factors influencing Toronto's results in relation to others. Chart 6 below provides an example of the comparison done for one of the MPMP measures included in the report being the cost of governance and corporate management as a percentage of gross expenditures.

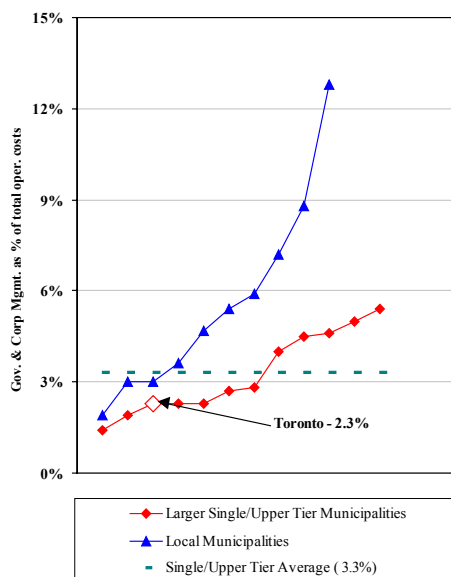
# A Report to the Residents of Toronto on the City of Toronto's 2002 Performance September 30, 2003

A similar report based on 2002 MPMP results will be completed by the end of 2003 once municipalities have reported their 2002 results.

**Chart 5**  
**Toronto's 2001 MPMP Results Versus Other Ontario Municipalities**  
**(28 Measures)**



**Chart 6**  
**MPMP - Governance and Corporate Management Costs**  
**as a % of Total Operating Costs in 2001**



Each municipality's results are impacted differently by their own unique factors that can limit the value of municipal comparisons at this high level.

Key factors influencing Toronto's results in relation to other municipalities include:

- The City of Toronto is a single-tier municipality therefore, if comparing results of this performance measure with other regions it may be necessary to combine the results of both the upper-tier and the lower-tier municipalities in that region. Lower-tier municipalities usually have proportionately lower gross expenditures because they typically will not have responsibility for some of the largest municipal programs such as social services and police and their results will accordingly tend to be higher.
- The City of Toronto incurs costs for a number of significant real estate properties, such as old City Hall and the St. Lawrence Market, that may not be typical of most other Ontario municipalities.

## **A Report to the Residents of Toronto on the City of Toronto's 2002 Performance**

### **September 30, 2003**

---

#### **Other Methods of Assessing Toronto's Performance**

MPMP is not the only way to demonstrate municipal accountability but rather one addition to an already complex and thorough accountability framework. In examining municipal performance, all aspects of service delivery must be considered. These include efficiency, customer service, quality and the impact our programs are having on communities. Toronto as well as other Ontario municipalities have been using performance measurement for many years. In the 2003 operating budget of the City of Toronto, over 400 performance measures were included.

Performance also can't be evaluated solely on quantitative factors. Achievements, accomplishments and completion of initiatives are equally important factors that must also be considered. During this three-year term, Council has dealt with many complex and controversial issues. The report [2000-2003 Council Achievements](#) highlights over 150 of these achievements in the areas of Social Development, Economic Vitality, Environmental Sustainability, Good Governance and City Building.

#### **Working with Other Municipalities**

For a number of years the City has been an active participant in the Ontario Municipal CAOs Benchmarking Initiative (OMBI). This initiative includes the Regional Municipalities of Peel, Durham, York, Halton, Waterloo, and Niagara and the Cities of Toronto, London, Ottawa, Hamilton, Sudbury, Kingston and Thunder Bay and represents approximately 80 per cent of Ontario residents.

The purpose of this initiative is to identify and develop appropriate service specific performance measures, capture performance data, and analyze and benchmark results, in order to identify best practices of service efficiency and quality in participating municipalities. OMBI expert panels have been established in a number of different service areas and are examining performance at the service and activity levels, as opposed to MPMP, which has established broad performance measures at the much higher program level. The work undertaken by these expert panels will be a key source of information for the Ontario Centre for Municipal Best Practices (OCMBP), discussed below, given that best practices are most likely to be identified through examination of operations at the more detailed service and activity levels.

The Ontario Centre for Municipal Best Practices (OCMBP) was established in June 2002, and is a collaborative effort between the Province, the Association of Municipalities of Ontario (AMO) and other key stakeholders from the municipal sector in Ontario.

Using the results of OMBI, MPMP and other data sources, the Centre is responsible for reviewing this data, identifying "best practice" municipalities, performing due diligence reviews, and drafting reports on best practices. The best practice results are then communicated to municipalities offering guidance for municipal practitioners in support of continuous improvement in municipal service delivery. A total of seven best practices were released by the Centre on April 3, 2003 and are summarized in [Appendix B](#) of the July 2, 2003 report "The Provincial Requirement to Report 2002 Results Under the Municipal Performance Measurement Program (MPMP)". Further details on these best practices are available on the OCMBP web site at [www.ocmbp.ca](http://www.ocmbp.ca).



## **A Report to the Residents of Toronto on the City of Toronto's 2002 Performance September 30, 2003**

---

### **Citizen Expectations and Thoughts About Government Service**

Citizens First 3 (<http://iccs-isac.org/eng/cf-02.htm>), released by the Institute for Citizen Centered Service in January 2003, was based on the results of questions asked in 2002 of a representative sample of 9,000 Canadians in every province and territory. It provides comprehensive information on how citizens and clients perceive the services they receive from governments at the municipal, provincial/ territorial, and federal levels. Some of its main findings are:

- Citizens recognize that governments have a more difficult job than the private sector.
- Citizens expect as good or better service quality from governments as from the private sector.
- Expectations of public sector service quality have increased steadily since 1998.
- The public sector in Canada is making progress. Scores on service quality reputation - the overall ratings of satisfaction - are going up for all levels of government. In addition, ratings for many specific services have also improved. Of the three levels of government, municipalities scored the highest.

Contact: Lorne Turner, Chief Administrator's Office  
Phone 416-397-0533  
Fax 416-392-1827  
E-mail [lturner@toronto.ca](mailto:lturner@toronto.ca)