

Toronto's 2006 MPMP Results

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 2007 and the services provided for their municipal tax dollars. It includes information on the performance of the City of Toronto including 2006 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 dollars, 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 orders of government

How Much and What Types of Taxes Will an Ontario Family Pay in 2007

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 directly from gross salaries. Other consumption-based taxes like GST and PST are paid at the point of purchase and can amount to 14% 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 approximately two thirds of the tax 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, Toronto's 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 address their deficit issues.

On the other hand, the City of Toronto's only current source of taxation revenue 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 all taxes paid by an average Ontario family with two or more individuals. In 2007, it is estimated an average family with a total income of \$90,018 will pay approximately \$41,493 in total taxes to all levels of government. Of this amount, only \$2,293 or 5.5% of the total taxes paid is for the municipal portion of property taxes. In Toronto, this \$2,293 in 2007 municipal property taxes is generated from a home with an assessed value of \$389,403.

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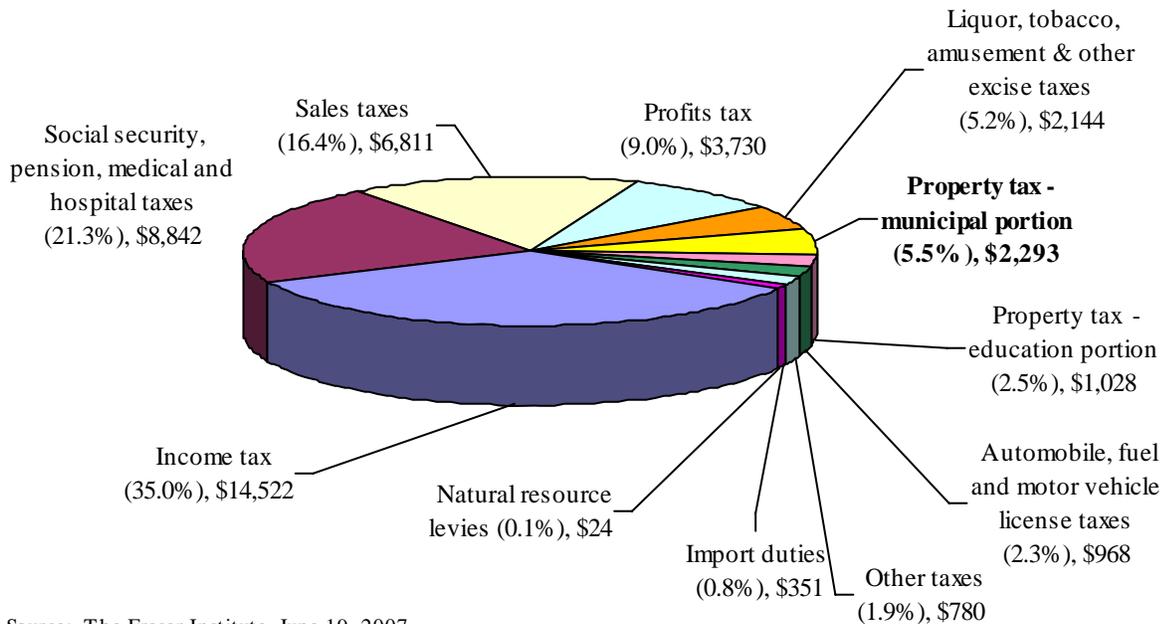
Chart 1
Estimated Total Taxes Paid in 2007 (\$41,493)
(for an Avg. Ontario Family with Two or More Individuals and a Cash Income of \$90,018)

Applicable Tax	Taxes Paid \$	Applicable Tax as % of Total Taxes	Applicable Tax as % of Total Cash Income of \$90,018
Cash income	90,018	n/a	n/a
Applicable Taxes			
Income tax	14,522	35.0%	16.1%
Social security, pension, medical and hospital taxes	8,842	21.3%	9.8%
Sales taxes	6,811	16.4%	7.6%
Profits tax	3,730	9.0%	4.1%
Liquor, tobacco, amusement & other excise taxes	2,144	5.2%	2.4%
Property tax- municipal portion (note 1)	2,293	5.5%	2.5%
Property tax- education portion (note 1)	1,028	2.5%	1.1%
Automobile, fuel and motor vehicle license taxes	968	2.3%	1.1%
Other taxes	780	1.9%	0.9%
Import duties	351	0.8%	0.4%
Natural resource levies	24	0.1%	0.0%
Total taxes	41,493	100.0%	46.1%
Cash Income after taxes	48,525	n/a	n/a

Source: The Fraser Institute, June 19, 2007

Note 1: In Ontario, residential property taxes are levied for municipal services as well as education, which is a provincial responsibility. The property tax figure in the Fraser Institute's report of \$3,321 has therefore been split between the municipal and educational components based on Toronto's 2007 property tax rates.

Chart 2
Total Taxes Paid (\$41,493) in 2007
for Average Ontario Family (by Type of Tax)



Source: The Fraser Institute, June 19, 2007

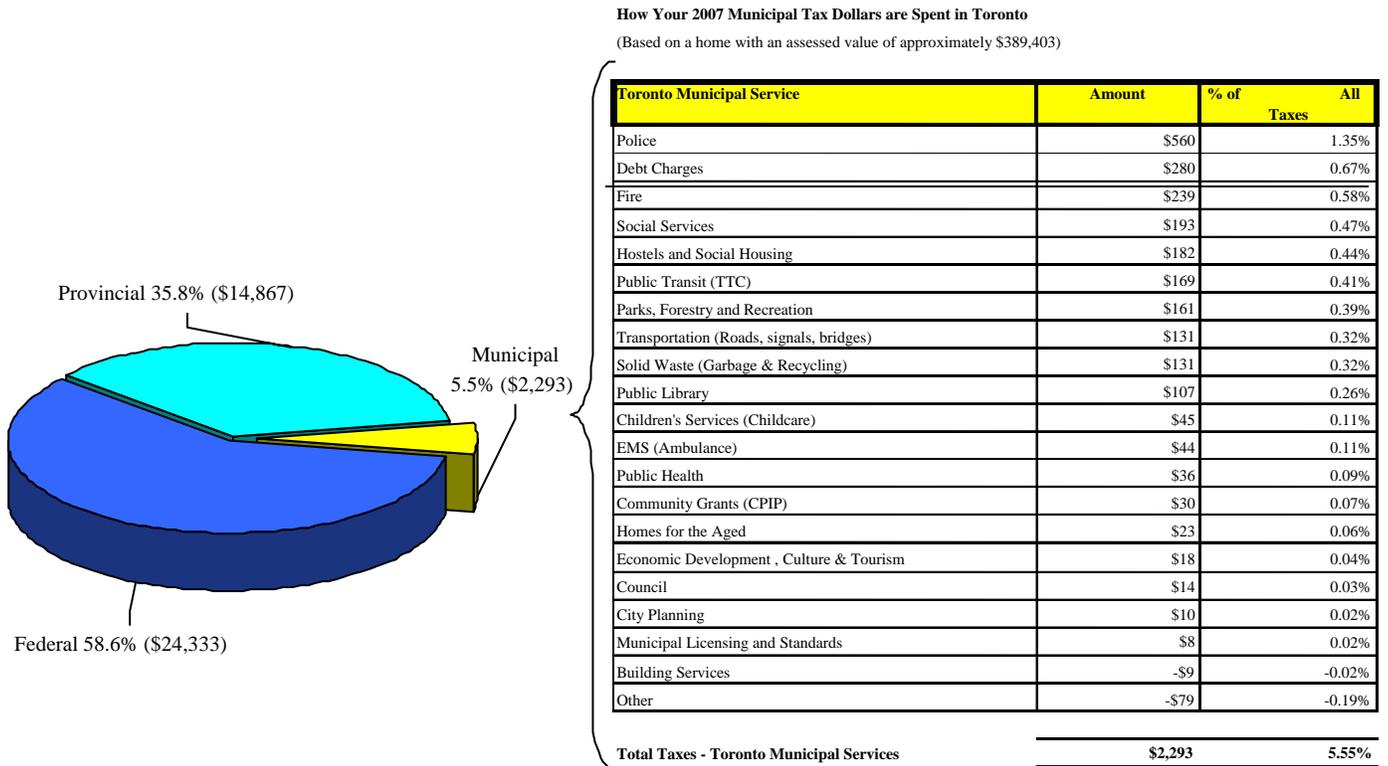
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What Level of Government Receives these Tax Dollars

Chart 3, below, uses 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 them.

Municipalities receive by far the lowest portion of an average family's total taxes at 5.5% or \$2,293 of the \$41,493 in taxes paid to all levels of government.

Chart 3
Total Taxes Paid (\$41,493) in 2007
by Average Ontario Family (by Level of Government)



Source: The Fraser Institute, June 19, 2007 & Toronto Finance Department

Note: The average home in Toronto has an assessed value of \$369,300. To conform with the municipal property tax figures used in the Fraser Institute's work, the figures for Toronto's municipal services have been based on a home assessed at \$389,403.

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 \$2,293 paid in municipal property taxes. Upon review of this data, it is evident 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.

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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 other orders 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 (\$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 2006 MPMP results to taxpayers. Since the original introduction of the program in 2000, the program has been expanded from sixteen performance measures, to forty-five in the 2006 reporting year.

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

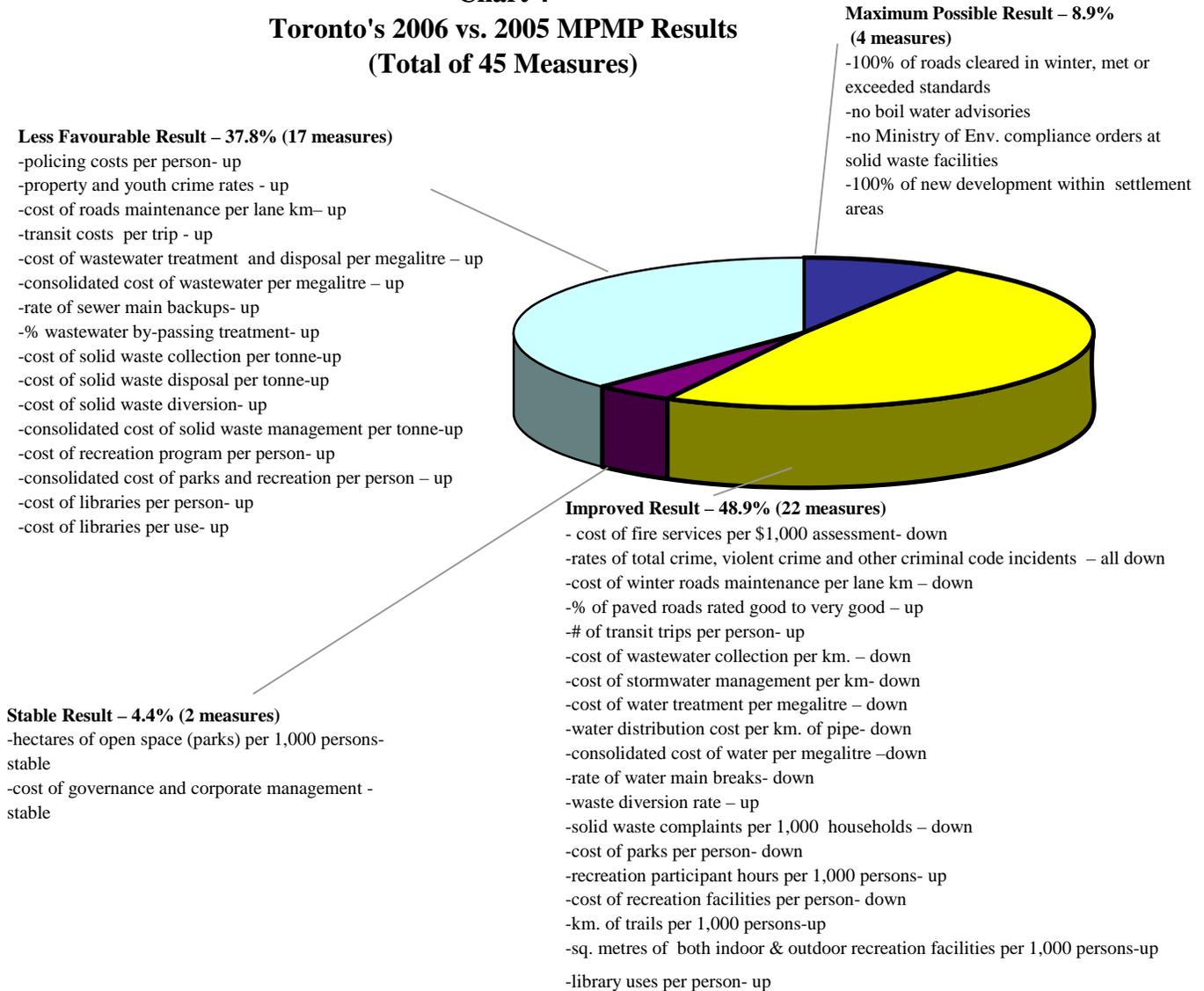
1. Local Government
2. Fire
3. Police
4. Roads
5. Public Transit
6. Wastewater
7. Stormwater
8. Water
9. Solid Waste
10. Land-Use Planning
11. Parks and Recreation
12. Libraries

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Toronto's 2006 MPMP Results Versus 2005

Of the 45 measures in MPMP applicable to Toronto, approximately 62% have results in 2006, that are either the highest possible result, an improved result or a stable result relative to 2005. These results are summarized in Chart 4 below.

Chart 4
Toronto's 2006 vs. 2005 MPMP Results
(Total of 45 Measures)



There are a number of cost per capita/person type measures in MPMP that have been characterised by the Ministry of Municipal Affairs and Housing as efficiency measures where a lower cost per capita is assumed to be the desired result and is the basis upon which Chart 4 has been prepared.

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Other benchmarking work done by Toronto through the Ontario Municipal CAOs Benchmarking Initiative (OMBI) has shown that cost per capita measures are usually much more reflective of service levels than they are of efficiency. For example if a municipality was to expand its sports and recreation programming offered to residents in a year the cost of this service per capita would naturally increase, however, this increase is unrelated to the efficiency of operations but instead reflects a higher service level.

The following attachments provide more information on Toronto's 2006 MPMP results and comparisons to 2005:

- [Attachment A](#) - Municipal Performance Measurement Program (MPMP) - Summary of Toronto's 2006 versus 2005 Results
- [Attachment B](#) - Detailed narratives supporting each measure in Toronto's 2006 MPMP results, which include full explanations for all of the major factors influencing Toronto's results.

Toronto's Performance Measurement 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 20 million tourists visit Toronto each year and there is a daily influx of 356,000 persons from surrounding regions into Toronto during the morning rush hours.

For a number of years Toronto 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, the Cities of Toronto, London, Ottawa, Hamilton, Sudbury, Thunder Bay and Windsor, the District of Muskoka and the County of Brant, which together represent approximately 72 per cent of Ontario residents.

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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.

Toronto's [2006 Performance Measurement and Benchmarking Report](#), provides service level and performance measurement results in nineteen service areas. It includes up to seven years of Toronto's historical data to examine internal trends, and compares results externally to fourteen other municipalities using OMBI data.

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. Close to forty best practices have been identified and published to date, which are available on the OCMBP web site at http://www.amo.on.ca//AM/Template.cfm?Section=About_Us4

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.

Performance also can't be evaluated solely on quantitative data. Achievements, accomplishments and completion of initiatives are equally important factors that must also be considered. An example of this is the 74 awards received by Toronto between 2004 and 2007 at the Public Sector Quality Fair (PSQF), which showcases service quality excellence in government, health-care and education sectors across Ontario. A description of these award-winning initiatives can be found at http://www.toronto.ca/city_manager/psqf/index.htm

Links to other report cards or indicators issued by the City of Toronto or in association with the City, are noted below:

- Children's Report Card: <http://www.toronto.ca/children/report/repcard5/repcard5.htm>
 - Housing & Homelessness Report Card: <http://www.toronto.ca/homelessness/index.htm>
 - Senior's Report Card <http://www.toronto.ca/homesfortheaged/reportcard.htm>
 - Public Health Profiles and Indicators http://www.toronto.ca/health/hsi/hsi_2004_overview.htm
 - Economic Indicators: http://www.toronto.ca/business_publications/indicators.htm
 - Federation of Canadian Municipalities – Quality of Life Indicators – <http://www.fcm.ca/english/qol/qol.html>
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- Planning - Key Facts <http://www.toronto.ca/publications/keyfacts2004.htm>
- Vital Signs- Issued by Toronto Community Foundation
http://www.tcf.ca/Theme/TCF/files/Vital_Signs_Report_2007.pdf

Citizen Expectations and Thoughts About Government Service

The Institute for Citizen-Centred Service (ICCS) and the Institute of Public Administration of Canada (IPAC) released *Citizens First 4*, (<http://iccs-isac.org/eng/pubs/CF4NewsRelease.pdf>), on November 29, 2005. It provides insights into what Canadians expect and experience with respect to public-sector service delivery. Based on a representative sample of 6,994 Canadians in every province and territory, *Citizens First 4*:

- shows that Canadians have seen significant improvements in service performance by all levels of the public sector for the fourth survey in a row;
- show municipalities to have the highest rating of all three levels of government based on scores on service quality reputation - the overall ratings of satisfaction;
- shows that Canadians rate their satisfaction with public sector service in the same range as their satisfaction with private sector service;
- confirms that Canadians who receive high quality public services have more confidence in the public sector;
- highlights the opportunities to further improve service quality by improving access to services, and by understanding Canadian's concerns about the privacy and security of their personal information.

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