



**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Customer Service and POA Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 20, 2021
<b>SUBJECT/REPORT NO:</b>	Proposed Write-off for Provincial Offences (FCS21040) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Denis Desrosiers (905) 546-2424 Ext. 5718
<b>SUBMITTED BY:</b>	Cindy Mercanti Director, Customer Service, POA and Financial Integration Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION(S)**

That staff be authorized to write-off the following outstanding Provincial Offences fines deemed uncollectible, in the total amount of \$1,626,850.61:

- (a) \$1,202,687.97 in uncollectible fines with a sentence date of December 31, 2013 and prior;
- (b) \$569.16 in underpayments from April 1, 2020 through March 31, 2021;
- (c) \$423,593.48 in fines held by persons deceased in 2020.

**EXECUTIVE SUMMARY**

In accordance with the Provincial Offences Administration (POA) Write-off Procedure and the Memorandum of Understanding, POA is requesting that 6,068 files amounting to \$1,626,850.61 be written off. Fines are written off based on the age of the accounts receivable and ability to collect. Files which are seven years or older are identified for write-off consideration. If a fine is written off, it does not absolve a convicted offender from the requirement to pay the fine as debts to the Crown are not forgiven. Reasons that accounts become uncollectible include debtor cannot be located and bankruptcy or business closure.

The approval to write-off these fines will reduce the accounts receivables owing to the City of Hamilton and allow our collection staff to concentrate their efforts in pursuing more recent fines for which there is a higher probable rate of collection.

**Alternatives for Consideration – See Page 4**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Accounts Receivable write-offs are reflected as a decrease in Accounts Receivable and an increase in Bad Debt.

Staffing: None

Legal: If approved by Council, staff will advise the Ministry of the Attorney General of this recommendation and request that they be authorized to purge these files from the Ministry database (ICON).

**HISTORICAL BACKGROUND**

POA utilizes several collection methods which include internal collection efforts, external collection agencies, tax rolling, garnishments and writs. The value of the receivable falls rapidly as a function of time and the longer the debt has been owed, the less likely POA is to collect.

In 2018, the Province introduced legislation to improve collection efforts (inability to renew plates and drivers' licenses for driving-based offences) that has helped encourage payment.

Internal collections were responsible for collecting \$1,532,213.77 and the external collection agencies collected \$1,058,012.43 in 2020. This represents a decrease in overall collections by the internal staff and the collection agencies of \$1,735,073.80 over 2019. In response to the pandemic, collections efforts were amended due to a court order extending timelines, thereby resulting in lower in-year collection revenues.

The year-end outstanding receivables balance, including the 2020 proposed write-off, totalled \$70,481,483.00. Outstanding receivables include new charges (convicted fines) plus defaulted fines.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The recommendation follows existing corporate, provincial policies, procedures and standard accounting practices respecting the write-off of uncollectible monies.

## **RELEVANT CONSULTATION**

Internal stakeholders consulted include staff in the departments of Corporate Services and Planning and Economic Development.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

Staff anticipates the amount of the write-offs to be \$1,626,850.61 in uncollectible fines with a due date of December 31, 2013 and prior and underpayments (pay less than is due) of \$569.16 from April 1, 2020 through March 31, 2021. An example of an underpayment would be the \$5 fee added to the balance associated with the fail to respond docket. However, in the meantime, the fine was paid. There is an additional amount of \$423,593.48, representing persons that were deceased in 2020, that held unpaid fines. The total amount of \$1,626,850.61 includes the Victim Fine Surcharge which is payable to the Province of Ontario.

All offences filed with POA are pursued by way of enforcement if they are not paid by their due date. Enforcement includes suspension of a driver's licence, denial of licence plate renewal, referral to our external collection agency and civil enforcement. Outstanding fines are tracked through our collections database, wherein chronic offenders can be identified, based upon criteria that anyone with more than three offences in a one-year period is classified as chronic.

The approval to write-off these fines will reduce the accounts receivables owing to the City of Hamilton and allow our collection staff to concentrate their efforts in pursuing more recent fines for which there is a higher probable rate of collection. After writing off the proposed amount of \$1,626,850.61, the remaining outstanding accounts receivables balance will be \$68,854,632.39.

POA is requesting that 6,068 files amounting to \$1,626,850.61 be written off. Fines are written off based on the age of the accounts receivable and ability to collect. If a fine is written off, it does not absolve a convicted offender from the requirement to pay the fine as debts to the Crown are not forgiven. Files can be re-activated in ICON if a payment is received.

<b>Write Off History</b>			<b>Year End</b>
	<b># of Files</b>	<b>\$ Written Off</b>	<b>Outstanding Balance</b>
2016	3,924	\$1,541,755	\$61,636,843
2017	5,870	\$1,200,569	\$64,740,574
2018	5,581	\$1,173,573	\$69,937,030
2019	5,739	\$1,385,639	\$71,744,079
2020	6,068	\$1,626,850	\$68,854,632

## **ALTERNATIVES FOR CONSIDERATION**

The Ministry of the Attorney General has issued a directive to all POA offices in the Province to establish and maintain write-off policies and procedures. Given the Council approved write-off procedure, there are no alternatives for consideration.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

## **APPENDICES AND SCHEDULES ATTACHED**

None.

DD/dt