



STAFF REPORT ACTION REQUIRED

Introduction of New User fee to Pay Fines On-line

Date:	November 6, 2007
To:	Government Management Committee
From:	Director, Court Services
Wards:	All
Reference Number:	

SUMMARY

This report seeks Council authority to implement a new user fee for the use of the City's internet based portal for payment of Provincial Offences fines received by Toronto Court Services. The new user fee will generate an estimated \$162,000 in revenues in 2008.

RECOMMENDATIONS

The Director of Court Services recommends that:

1. Effective January 1, 2008, a service fee be implemented for on-line payments of Provincial Offences fines through the City's internet-based Fine Payment module, with the fee to be set at \$1.50 per payment transaction;
2. this fee remain consistent with the user fees payable for parking tickets by those using the on-line payment module;
3. Municipal Code Chapter 441, Fees and Charges, be amended to give effect to these fees and authority be granted for the introduction of the necessary bills; and
4. The appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

FINANCIAL IMPACT

If implemented on January 1, 2008, the proposed service fee for on-line will generate an estimated \$162,000 in annual revenues. This amount will be included in the Court Services 2008 Operating Budget submission.

Additional Revenue from Proposed User Fees

User Fees	Estimated volume/year	User Fee	Revenue (full year)
New user fee for paying provincial offences fines made via the City's on-line payment system	108,000	\$1.50 per transaction	\$162,000

The Deputy City Manager and Chief Financial Officer have reviewed this report and agree with the financial impact information.

ISSUE BACKGROUND

Municipal user fees are a charge to the user for a specific municipal service, activity or product, or for the use of municipal property. Section 259 of the *City of Toronto Act, 2006*, provides the authority to implement municipal user fees and charges and requires that user fees be approved by Council and enacted by the by-law.

In establishing user fees for municipal services, activities or products, the municipality is recognizing a need to recover operating costs associated with the provision of non-mandatory services. Utilizing a cost recovery approach to establish the fee amount ensures that the fees charged bear a relationship to the cost of providing the service. By passing the cost of specific services to the consumer, only those individuals or groups that utilize the service or incur the fee pay for the cost of providing it, rather than taxpayers in general. User fees, appropriately set, allow the user to make an informed decision as to whether or not a service or product is worth the fee charged.

Court Services has been absorbing the cost of providing the internet-based payment module since the service implementation in July 2006. This report seeks the authority to partially recover the costs of providing the service to customers.

Most Ontario cities that provide electronic fine payment services are imposing a transaction fee of \$3.00. The majority of these cities have partnered with a private sector solution and this transaction fee is shared between the private sector and the City. As Toronto has built and manages on an on-going basis its own payment module, the Division is recommending that the same user fee imposed when parking fines are paid be set for payment of all other Provincial Offences fines processed through the Court Services Division.

CONCLUSION

This report recommends the establishment of a user fee payable by those paying provincial offences fines and who choose to use the City on-line payment module that mirrors the current Council approved user fee when parking tag fines are paid to the City Revenue Services Division.

The implementation of the user fee, in the recommended amount of \$1.50, is in line with other cities and partially offsets the cost of developing and operating the system in place to process these transactions.

IMPLEMENTATION and NOTICE PROVISIONS

The notice provisions under the City of Toronto Act have been complied with. Upon Council's approval of this report, a by-law will be introduced to implement the new user fee by adding them to Municipal Code Chapter 441, Fees and Charges.

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SIGNATURE

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