

**ONTARIO COURT OF JUSTICE
PROVINCIAL OFFENCES OFFICE**

HALTON COURT SERVICES

**2025 BUSINESS PLAN AND
BUDGET**

**City of Burlington
Town of Halton Hills
Town of Milton
Town of Oakville
Regional Municipality of Halton**

September 2024

TABLE OF CONTENTS

RECOMMENDATIONS	3
OVERVIEW OF 2024 PERFORMANCE	4
1. BUDGET PERFORMANCE	4
2. OPERATIONAL PERFORMANCE	4
3. AUDITS	6
4. REVENUE STABILIZATION FUND	7
5. REVENUE SHARING	7
6. WRITING-OFF OF UNCOLLECTABLE FINES	8
7. CAPITAL RESERVE FUND	9
8. EMERGING ISSUES	9
APPENDIX A – 2025 OVERALL BUDGET	12

RECOMMENDATIONS

1. Approve the 2025 Halton Court Services budget as presented.
2. Write off defaulted fines totaling \$46,348 that have accumulated during 2024 where it has been determined there are no viable means of collection.
3. A contribution of \$50,000 from net revenues is to be made to the Capital Reserve Fund during 2025 to ensure that requirements of the Reserve Fund Policy are maintained.
4. Within the parameters of existing Burlington Procurement By-law and other applicable Burlington policies, and provided no expense beyond that approved as part of the existing budget is expended, that the Manager of Prosecutions and the Manager of Court Administration, as the case may be, be authorized to approve and execute any and all agreements necessary for the proper administration of Halton Court Services and the continued administration of Justice, in such form as is approved by the City Solicitor for The Corporation of The City of Burlington.

OVERVIEW OF 2024 PERFORMANCE

1. BUDGET PERFORMANCE

Revenues to End of June

The Municipal Partners had budgeted gross revenues of \$8.9 million for 2024. The chart below summarizes results by end of June and projections for the remainder of the year.

There is an expected increase of approximately 1% in net revenue in 2024.

COMPARISON OF OVERALL PERFORMANCE TO BUDGET for the year ending December 31, 2024					
	2024 Budget	Actual June 30/24	Actual % of Budget	Projection Dec 31/24	Projection % of Budget
Gross Revenue	(\$8,886,327)	(\$4,583,610)	51.6%	(\$8,846,478)	99.6%
Operations	\$7,013,667	\$3,464,069	49.4%	\$6,954,674	99.2%
Net Revenue	(\$1,872,660)	(\$1,119,540)	59.8%	(\$1,891,805)	101.0%

COMPARISON OF 2025 BUDGET TO 2024 BUDGET						
	REVENUE			EXPENSES		
	2024 Budget	2025 Budget	% Difference	2024 Budget	2025 Budget	% Difference
Administration	(\$6,485,827)	(\$6,759,280)	4.2%	\$5,410,794	\$5,421,541	0.2%
Collections	(\$2,400,500)	(\$2,340,500)	-2.5%	\$496,732	\$593,292	19.4%
Prosecution	N/A	N/A	N/A	\$1,106,146	\$1,160,210	4.9%
TOTAL	(\$8,886,327)	(\$9,099,780)	2.4%	\$7,013,662	\$7,175,043	2.3%

2. OPERATIONAL PERFORMANCE

Provincial Offences Charges

Charge volumes are entirely driven by enforcement agencies and their initiatives, these charges volumes are the main influence on the revenues that are generated through HCS. At the end of Q2 2024 there were 25,666 (51%) charges filed of the projected 50,000 total for

2024. Therefore, the current projection for Q4 is that charges may reach 51,328 (103% of projected total).

The following chart provides the trend in number of filed charges since 2019 and includes totals for Q2 2024 and projected totals for the end 2024:

	2019	2020	2021	2022	2023	2024 Q2	2024 Projected
PART I	53,537	48,269	33,477	30,486	29,630	16,087	32,174
PART III	3,600	3,054	2,972	2,562	2,562	2,053	4,106
RLC	12,513	9,761	17,993	11,589	13,762	7,524	15,048
TOTAL	66,618	69,650	61,084	54,442	47,977	25,664	51,328

The following chart provides the number of charges by enforcement agency that were refused for filing with the reasons for refusal through Q2 2024:

AGENCY	REASON					TOTAL
	Late Filing	Date Error	Young Offender	Wrong Juris	Old / Wrong PON	
HRPS	68	81	7	0	0	156
OPP	3	0	0	0	0	3
MTO	32	0	0	0	2	34
OTHER	272	0	0	0	0	272
Q2 2024 TOTALS	375	81	7	0	2	465

The following charts provide charge volumes for both Part 1 and Part 3 by enforcement agency through Q2 2024.

PART 1	JAN	FEB	MAR	APR	MAY	JUN	Totals
By-laws	6	3	5	1	4	12	31
OTHER ENF.	28	20	39	27	20	25	159
Halton Regional Police	1,996	1,755	1,795	1,958	1,942	1,821	11,267
MTO	261	368	224	331	452	402	2,038
OPP	387	548	423	462	435	337	2,592
Red Light Camera	1,019	1,203	1,076	1,432	1,517	1,277	7,524
Totals	3,697	3,897	3,562	4,211	4,370	3,874	23,611

PART 3							Totals
By-laws	11	12	61	9	9	3	105
OTHER ENF.	33	3	31	-	48	37	152
Halton Regional Police	225	201	163	194	232	233	1,248
MTO	9	11	12	8	35	51	126
OPP	69	43	66	137	89	20	424
Totals	347	270	333	348	413	344	2,055

3. AUDITS

External Audit

KPMG performed an audit of HCS for the period ended December 31, 2023. There were no items of concern to report to the Partnership by way of an auditors' management letter. KPMG maintains a practice of issuing qualified opinions for all its POA court clients due to the inability to review cash procedures at other POA courts accepting fine payments on behalf of HCS, and to review controls of the provincial ICON system utilized by all POA courts across the province.

4. REVENUE STABILIZATION FUND

Following the request of the Area Treasurers, a Municipal Partner Revenue Stabilization Fund (MPRSF) was created in early 2014 to assist the partners in protecting against the impact of volatility in fine revenue, and to provide a source of funding to stabilize revenue sources annually, including the impacts related to the new court facility. Per policy, an annual review of the MPRSF is carried out by the Area Treasurers.

Flat-Lining Net Revenue Distribution

Net revenue surplus was transferred to the MPRSF between 2013 and 2017. Interest is allocated to the MPRSF on an annual basis.

The Area Treasurers directed that contributions to the MPRSF end as of 2018 given the healthy balance of the MPRSF. In 2021, the JMB directed to only distribute to the Partners the actual net revenue earned from operations going forward. The balance in the Stabilization Reserve Fund is \$776,486 at the beginning of 2024.

Stabilization Fund			
Year	Use of Funds	Interest (net of Admin Fee)	Balance
Balance Forward			\$776,486
2024*	\$0	\$16,006	\$792,492
2025*	\$0	\$16,342	\$808,835
2026*	\$0	\$16,686	\$825,520
2027*	\$0	\$17,336	\$842,856
2028*	\$0	\$17,700	\$860,556

5. REVENUE SHARING

According to the established revenue-sharing agreement, the Region receives 50% while the Municipal Partners receive a percentage of the 50% balance based on assessment rates.

Following is a five-year overview of net revenue distribution since 2020 including the estimated annual distribution for 2024:

Historical Annual Revenue Sharing % Based on Tax Assessment					
	2020	2021	2022	2023	2024
Burlington	15.60%	15.44%	15.32%	15.20%	15.08%
Halton Hills	4.60%	4.60%	4.57%	4.54%	4.52%
Milton	8.40%	8.55%	8.64%	8.72%	8.78%
Oakville	21.40%	21.43%	21.48%	21.55%	21.62%
Region of Halton	50.00%	50.00%	50.00%	50.00%	50.00%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Historical Annual Revenue Distribution to Partnership					
	2020	2021	2022	2023	2024*
Burlington	726,280	299,980	296,601	373,252	277,744
Halton Hills	214,159	89,430	88,438	111,484	83,250
Milton	391,074	166,029	167,293	214,006	161,710
Oakville	996,307	416,627	415,752	529,183	398,198
Region of Halton	2,327,820	972,066	968,085	1,227,680	920,902
TOTAL	\$4,655,640	\$1,944,132	\$1,936,169	\$2,455,605	\$1,841,805

*2024 budget to be realized

Overall Revenues

The Municipal Partners are projecting gross revenues based on current trends and although population continues to grow at a fair rate across Halton, the number of charges filed has not been reflected in the population growth for the last several years. A modest increase is projected to 52,000 charges for 2025 over the current projection of 51,328 for 2024. Gross revenue for HCS in 2025 is budgeted at **\$9.1 million** as compared to the **\$8.9 million** originally budgeted for during 2024.

Total expenditures in 2025 are budgeted at **\$7.1 million** compared to the **\$7 million** originally budgeted for 2024.

See Appendix A for a copy of the overall 2025 POA Budget.

Recommendation #1: Approve the 2025 Halton Court Services budget as presented.

6. WRITING-OFF OF UNCOLLECTABLE FINES

In accordance with the Write-Off Policy, the Municipal Partners are seeking approval from the Area Treasurers and the Joint Management Board to write-off those defaulted fines that have accumulated during 2024 where it has been determined there are no viable means of collection. Write-offs scheduled during 2024 will total approximately 117 cases with a total value of approximately \$46,348

Recommendation #2: Write off defaulted fines totaling \$46,348 that have accumulated during 2024 where it has been determined there are no viable means of collection.

7. CAPITAL RESERVE FUND

Expenditures During 2024

Approximately \$20k was drawn for the 5 year Courtroom computer refresh project to provide HCS with new laptops and docking stations.

Contribution During 2025

The Municipal Partners regularly conduct an annual review of the Capital Reserve Fund to ensure that future capital cost requirements are reflected and that the required minimum balance of \$300,000 is maintained. The Municipal Partners are recommending that the minimum contribution of \$50,000 continue to be made to the Capital Reserve Fund during 2025.

Reserve Fund Forecast

Following is the Capital Budget Forecast over the next five years:

Capital Budget Forecast				
Year	Requirements	Use of Funds	Annual Contributions Including Interest	Projected Year-End Balances
	Balance Forward			\$407,629
2024	Courtroom Computer Hard/Soft Replacements	(\$20,000)	\$57,953	\$445,582
2025	None		\$58,712	\$504,293
2026	TBD		\$59,886	\$564,179
2027	TBD		\$61,084	\$625,263
2027	TBD		\$62,505	\$687,768

Recommendation #3: A contribution of \$50,000 from net revenues is to be made to the Capital Reserve Fund during 2025 to ensure that requirements of the Reserve Fund Policy are maintained.

9. EMERGING ISSUES

1. Justice of the Peace shortages

The shortage in judicial resources is anticipated to see improvements in 2025 due to Justice of the Peace appointments made in 2024 which allowed for an additional court opening on

Wednesdays in 2025 and the possibility of even more courts added as the year progresses, and as even more Justice of the Peace appointments are made.

2. Backlog

There are currently approximately 13,000 (last year at this time it was 19,000) Part I charges that require court dates and HCS Administration continues to collaborate with HCS Prosecution to make every effort to have matters scheduled in a timely fashion and have scheduled early resolution meetings outside of court sitting days which allow meetings to take place with prosecution and only those that require a Justice of the Peace for either plea resolution or trial to be scheduled into court sittings, thereby maximizing the court sittings allotted to HCS.

3. Increased Workload Demands Relating to Video:

Workload demands with respect to review of video for disclosure have increased significantly. In the past, video disclosure was reviewed and redacted before it was forwarded to Halton Court Services as part of the evidentiary package for further handling and disclosure to the defendants. Currently, Halton Regional Police send all video content directly to HCS without prior vetting of the video content. The task of reviewing and vetting the video content prior to sending it as part of the disclosure package, accordingly, rests with the Prosecution Unit. Similar process is involved related to statements taken via audio, which requires review by the Prosecution Unit. The process is extremely time consuming and requires a lot of back and forth where issues noted or, in case of audio statements, where transcript request is required. Change in the format of the evidence has also increased the steps and time required in accessing the footage for the review.

Staff are currently assessing the full impact of this new audio/video disclosure development on resources and will report back to the Joint Management Board with the findings in the future. Due to workload demands, additional staffing may be required to ensure the integrity of the disclosure process going forward.

4. Delegated Authority:

In the administration of Halton Court Services, matters arise that, on occasion, require formal agreements (contracts) to be executed. In recent years, these agreements included, but were not limited to, software agreements relating to the use of CAMS, Axon documentary disclosure service, the use of legal research engines such as Westlaw / Quicklaw, agreements with educational institutions in relation to student internship placements, agreement with the Region relating to articling placements, and agreement with per diem French prosecutor who assists HCS in prosecuting matters requiring a French speaking prosecutor. When it is anticipated that an agreement will be required, Municipal Partners engage Burlington Legal Services staff for the review and negotiation of the agreement. That review includes the determination of what authority Municipal Partners will rely on for the execution of such agreements. Ultimately,

staff have found that the authority is often scattered and rests with various Burlington positions, including the City Solicitor, Procurement Manager, Chief Information Officer, and/or others.

Municipal Partners propose that the authority to enter into any and all agreements necessary for the proper administration of Halton Court Services and the continued administration of Justice be delegated to the Manager of Prosecutions and/or the Manager of Court Administration, as the case may be (the subject matter of the agreement would determine which of the Manager's will execute the agreement). Delegating authority in this manner is vital for enhancing organizational efficiency and responsiveness. It will allow staff to address day-to-day operation tasks, such as managing contracts, vendor relationships, and facility needs, without requiring the involvement of unrelated parties in the decision making and the execution of the contracts, which on occasion has been the case. This proposed delegation will reduce bottlenecks, speed up and clarify the process, and ensure the court's services are managed effectively. This proposed delegation will not alter the process of reporting to and seeking direction from the Joint Management Board in all cases that have significant implications or budgetary impacts.

Recommendation #4: Within the parameters of existing Burlington Procurement By-law and other applicable Burlington policies, and provided no expense beyond that approved as part of the existing budget is expended, that the Manager of Prosecutions and the Manager of Court Administration, as the case may be, be authorized to approve and execute any and all agreements necessary for the proper administration of Halton Court Services and the continued administration of Justice, in such form as is approved by the City Solicitor for The Corporation of The City of Burlington.

5. External Service Review from 2023

To date, Halton Court Services Administration has implemented and completed numerous recommendations that came out of KPMG's 2023 service review. We will continue to implement additional recommendations as we strive to increase efficiency within court operations.

6. Sustainability Review

At its November 20, 2023 meeting, the Joint Management Board requested that the Area Treasurers undertake a review of the long term sustainability of the Provincial Offences Court given the ongoing reduced judicial resources provided by the Province to the Court and potential changes resulting from the Administrative Penalty Program. The JMB provided authorization to the Area Treasurers for funding this further study from HCS Revenues and directed the Area Treasurers report back to JMB with the study results.

The sustainability review has not yet been undertaken. The Municipal Partners would like to obtain further direction given that Halton Court Service is a legislated service, required to be in place to prosecute Part I and Part III offences under the *Provincial Offences Act*. Where Part I and Part III POA offences are issued, the service must be provided whether or not it results in positive revenue. As is set out in this report, however, currently, and historically,

HCS has generated positive net revenues that are shared between the partners. Even with reduced judicial resources, backlogs, lower charge volume and other issues outlined, operations from HCS continues to generate positive net revenue for the Partners. It is anticipated that these issues will improve over time and the net revenues generated for the Partners of Halton Region will remain positive.

The level of revenue is most significantly driven by charge volumes and the availability of court time. In turn:

- (i) charge volumes are entirely driven by enforcement agencies and their initiatives, which are not within the control of Halton Court Services staff; and,
- (ii) court time is mainly driven by availability of judicial resources, which are determined by the Province and are not within the control of Halton Court Services staff.

It is not expected that the transition of the municipal by-law offence matters to Administrative Penalty System (“APS”) will have a significant impact on revenue generated by HCS given that those charges represent the minority of the charges before the court and do not result in a revenue split between the partners. Should the regional red light camera matters enter the APS stream, however, the impact on the revenues may be significant. We understand that at this time the Region of Halton does not intend to implement that change for red light camera offences. If red light camera offences enter the APS stream, the requirement to operate HCS for the other Part I and Part III offences will remain as otherwise legislated.

Another option available to the partners is for each of the municipalities to operate individual provincial offences courts, which due to the nature and scale of the operation, would result in duplication of capital and staff, which would likely make it not financially feasible.

For all of the above reasons, staff seek further direction or confirmation that no further action is required with respect to this recommendation.

APPENDIX A – 2025 OVERALL BUDGET

HALTON COURT SERVICES

2025 OVERALL POA BUDGET

20-Sep-24

OVERALL 2024 BUDGET	Projection to Dec 31/24	Expenditures	Cost Element	ADMINISTRATION		PROSECUTION	TOTAL	2025 vs 2024	
				Admin/Court Support 461110	Collections 461113	461140			
2,561,048	2,547,266	F/T Salaries	11111	1,528,304	304,301	820,300	2,652,905	3.6%	
-	-	Part-time/Temp	11122	-	-	-	-		
-	-	Overtime	11131	-	-	-	-		
-	30,259	Vacation Pay - PT	11248	-	-	-	-		
441,363	472,013	Fringe benefits - FT/PT	11300	274,070	54,248	135,585	463,903		
250,487	240,165	Additional Benefits - FT/PT	11302	152,662	31,192	70,663	254,517		
29,130	22,663	Professional development	11410	12,530	3,450	11,300	27,280		
9,900	9,542	Employee memberships	11412	1,700	300	9,462	11,462		
3,291,929	3,321,909	Total Human Resources		1,969,266	393,491	1,047,310	3,410,067		
9,279	9,115	Books and subscriptions	22220	1,100	200	8,678	9,978		
1,000	800	Meeting expenses	22223	950	-	-	950		
-	-	COVID-related expenses	22226	-	-	-	-		
66,380	67,248	Printing and reproduction	22233	64,180	1,000	1,000	66,180		
12,200	13,945	General office supplies	22242	11,000	600	1,800	13,400		
51,707	52,729	Hydro/Water/Heat	22511	51,864	-	-	51,864		
5,000	5,000	Furniture and office equipment	37102	3,000	-	-	3,000		
100,380	103,397	Comp Software/Hardware/Maintenance	37105	62,719	9,167	19,876	91,762		
1,606,388	1,653,426	Building facility lease	33115	1,700,000	-	-	1,700,000		
17,612	37,731	IT lines	33150	19,261	5,872	12,672	37,805		
11,894	11,273	Equipment rental	33172	8,100	950	2,250	11,300		
4,000	4,130	Bldg repair and maintenance	33210	3,500	-	-	3,500		
13,120	12,992	Equipment maintenance	33240	12,316	-	-	12,316		
45,643	47,109	Courier/Postage services	33250	33,060	10,500	800	44,360		
16,197	17,931	Telephones/Cell Phones	33253	15,592	3,092	2,577	21,261		
-	-	Corporate Communications	33255	-	-	-	-		
1,883	2,886	Travel Exp/Mileage	33320	1,300	100	2,200	3,600		
9,000	9,200	External audit	33359	10,000	-	-	10,000		
2,400	3,141	Security/Armoured car services	33366	3,204	-	-	3,204		
80,000	96,342	Interpreters	33367	97,000	-	-	97,000		
412,086	412,089	Cost recoveries	45701	364,749	-	53,807	418,556		
881,500	702,361	Provincial Recoveries	33369	732,350	-	-	732,350		
137,140	178,871	Contract/External services	33450	50,900	163,320	7,240	221,460		
91,130	44,310	Janitorial Services	33467	43,130	-	-	43,130		
800	5,136	Court Related Fees	33510	-	5,000	-	5,000		
5,000	5,008	Witness fees	33516	5,000	-	-	5,000		
160,000	156,596	Point of sale-service charges	36194	158,000	-	-	158,000		
(20,000)	(20,000)	Reserve Fund offset for expenses	96306	0	0	0	0		
3,721,738	3,632,765	Total Other Expenditures		3,452,274	199,801	112,900	3,764,976	1.2%	
7,013,667	6,954,674	TOTAL EXPENDITURES		5,421,541	593,292	1,160,210	7,175,043	2.3%	
-	(300)	Parking Fees	90852	(400)	-	-	(400)		
(6,400,000)	(6,504,715)	Fines (Gen)	91122	(6,640,000)	-	-	(6,640,000)		
(2,400,000)	(2,266,960)	Fines (Collections)	91122	-	(2,340,000)	-	(2,340,000)		
135,000	144,095	Bylaws Distributed	91124	100,000	0	-	100,000		
(500)	(405)	External recoveries	91410	-	(500)	-	(500)		
(4,400)	(1,500)	Miscellaneous Revenue	91154	(2,000)	0	0	(2,000)		
(10,000)	(23,621)	Transcripts	91207	(20,000)	-	-	(20,000)		
(206,427)	(193,072)	Federal subsidy	92705	(196,880)	0	-	(196,880)		
(8,886,327)	(8,846,478)	TOTAL REVENUE		(6,759,280)	(2,340,500)	0	(9,099,780)		2.4%
(1,872,660)	(1,891,805)	Net Operating Budget before Reserve Fund		(1,337,739)	(1,747,208)	1,160,210	(1,924,737)		2.8%
50,000	50,000	Contribution to Reserve Fund	45100	50,000	-	-	50,000		
-	-	Contribution to Stabilization Fund	45100	0	-	-	0		
(1,822,660)	(1,841,805)	NET OPERATING BUDGET		(1,287,739)	(1,747,208)	1,160,210	(1,874,737)	2.9%	

2025 Requisitions
(Partnership Sharing based on 2024 weighted average assessment)

Region	(937,369)
Burlington	(282,710)
Halton Hills	(84,738)
Milton	(164,602)
Oakville	(405,318)
Total	(1,874,737)