



**PROVINCE OF NEWFOUNDLAND AND LABRADOR
HOUSE OF ASSEMBLY**

Third Session
Forty-Seventh General Assembly

**Proceedings of the Standing Committee on
Public Accounts**

July 23, 2014 - Issue 1

Department of Justice

Published under the authority of the Speaker of the House of Assembly
Honourable Ross Wiseman, MHA

Public Accounts Committee

Chair: Jim Bennett, MHA

Vice-Chair: Kevin Parsons, MHA

Members:

Keith Russell, MHA
Eli Cross, MHA
George Murphy, MHA
Tom Osborne, MHA
Calvin Peach, MHA

Clerk of the Committee: Elizabeth Murphy

Appearing:

Office of the Auditor General

Terry Paddon, Auditor General
Sandra Russell, Deputy Auditor General
Pauline Reynolds, Audit Senior

Department of Justice

Virginia English, Director of Fines Administration
Heather Jacobs, Assistant Deputy Minister, Corporate and Strategic Services

The Committee met at 9:00 a.m. in the House of Assembly Chamber.

CHAIR (J. Bennett): Good morning, everybody. This is a meeting, or I suppose a hearing, of the Public Accounts Committee of the Province of Newfoundland and Labrador. This morning we are going to be making inquiries regarding the Auditor General's report, section 3.3 of the 2014 report of the Department of Justice under Fines Administration.

My name is Jim Bennett; I am the Chair. Momentarily, I am going to ask each member and person who is present to introduce themselves. This makes it easier for anybody who may be watching.

Some people will need to be sworn. The Auditor General and Deputy Auditor General have been previously sworn so they do not need to be re-sworn.

I am going to start on my right and ask the Auditor General and each person to introduce themselves.

MR. PADDON: I am Terry Paddon. I am the Auditor General of the Province of Newfoundland and Labrador.

MS REYNOLDS: I am Pauline Reynolds. I am an Audit Senior with the Department of the Auditor General.

MS JACOBS: I am Heather Jacobs. I am an Assistant Deputy Minister of Strategic and Corporate Services for the Department of Justice.

MS ENGLISH: Virginia English, Director of Fines Administration, Department of Justice.

MS RUSSELL: Sandra Russell, Deputy Auditor General.

MR. OSBORNE: Tom Osborne, Member of the House of Assembly.

MR. K. PARSONS: Kevin Parsons, Member for Cape St. Francis.

MR. PEACH: Calvin Peach, MHA for Bellevue district.

MR. CROSS: Eli Cross, MHA for Bonavista North.

MR. MURPHY: George Murphy, MHA for St. John's East.

CHAIR: Our Clerk is Ms Elizabeth Murphy.

We will have the witnesses sworn or affirmed as is their preference, and then members have a question and answer session. The format we follow is that we alternate among members. Each member gets ten minute segments. One member may ask questions for approximately ten minutes, never less and sometimes occasionally more if that member is involved with some subject matter that we do not want to stop them in the middle and have them come back and not finish up, if it is going to take a minute or so extra to complete.

I think first we need to swear the witnesses or affirm them as they choose before we commence.

Swearing of Witnesses

Ms Pauline Reynolds
Ms Heather Jacobs
Ms Virginia English

CHAIR: Normally we stop around an hour-and-a-half in, for a break for people. Usually that is governed by when members each have had an opportunity to ask questions. Then we resume, and sometime around noon, or 12:15 to 12:30, depending on how it goes, we usually break for lunch. In this case we are only sitting for the morning because the subject matter, while it is important, it is not that extensive.

Unless anybody has any questions, I will start with Mr. Osborne.

MR. OSBORNE: Thank you very much.

A couple of questions to start off with: What options are you currently reviewing to improve the collection of fines? I know that in the minister's response of April 22, 2014, they are committed to reviewing options for introducing a formal operational plan.

MS ENGLISH: Right now, we are looking at some additional options. We currently use the Judgement Enforcement Registry for some of our fines. We have already dropped that particular one.

In addition to that, you mentioned specifically the operational plan. We are looking at an operational plan. I am working right now with people within the department, with the Policy and Planning Division to complete an operational plan. As part of that, we are doing a jurisdictional scan of other provinces and territories to see how they are approaching their fines and their fine collections. As part of that, we will be introducing performance measures as recommended by the Auditor General. We are working on those right now. I am not quite sure how long it will take, but we hope to have that done by the end of the year.

Was there anything else in specific?

CHAIR: Excuse me. Hansard will be providing us with a transcript and they would prefer for each witness to say their name before they answer. I neglected to ask you to say your name before you provided the answer. It may make it a little bit slower, but much easier for people when they type it.

That was Ms English.

MS JACOBS: Just further to what Virginia English just said, we did drop the judgement enforcement amount by \$300, and we have been successful in some collections due to that. That was suggested by the Auditor General.

Another option we are exploring is the Fines Option Program. We have completed a jurisdictional scan. Not all provinces have it, but most do. Some have them operated in-house by their probations divisions; some have them operated by non-profit organizations. So, now we need to do some further work on that; because whether it is run in-house in the Department of Justice or done by a non-profit group, it will require funding, HR resources, administrative resources. Then we also have to look at who can qualify to do fines options, what types of fines can qualify, what the payment will be, do you receive \$10 an hour for the work you

do in the community. There are a lot of issues there that we need to canvas.

Another option we are looking at right now as well – we have been in discussions with the RNC about we have a lot of people who owe fines who we cannot locate. The Fines Administration Division look on the Internet, they do tracings, and they talk to people in the community.

The Fines Administration Division are not able to find the people, so we have been in discussions with the RNC to identify a group of people who owe fines that they can help us find, because of course they have resources and they know people in the community. If we can reach out to these people and get discussions, we may be able to enter into payment arrangements or find out if they are unable to pay. So we are also looking at that, and we hope to start that early in the fall.

MR. OSBORNE: Just to focus for a moment on fines. We are hearing more and more in recent months of the RNC picking up somebody who owes \$34,000 or \$26,000 in fines. What is the deterrent? Once the RNC stops somebody who owes \$34,000 in fines, other than adding to the \$34,000 by adding a couple of hundred dollars more to the fine because they have stopped them, what measures are in place now with these individuals that we are hearing continuously on the radio that somebody has been stopped who owes tens of thousands of dollars in fines?

MS JACOBS: I know that these people have been going through the criminal system and some of them have had to spend some jail time – well, once again, that does not reduce their fine. As well, the RNC have been taking their vehicles and impounding them and destroying them; however, unfortunately then these individuals – and there are only a small group of these individuals. Eighty per cent of the people in the Province who have speeding tickets, or parking tickets, or owe fines pay them. It is a small group of people. If they have an unregistered vehicle or no licence, unfortunately they will continue the same action.

MR. OSBORNE: How do you explain an 18 per cent increase since 2008 of uncollectable fines?

MS ENGLISH: Each year the Province, through the RNC, through the RCMP, through the court, and through other issuing jurisdictions imposes about \$10 million or \$11 million in fines. Eighty per cent of those fines are normally paid throughout the year. People will generally pay them directly at Fines Administration or they will pay them at MRD.

Each year a small percentage of people continue not to pay their fines. As a result, the fines receivable balance is increasing. That is why it is a small percentage each year that does not pay, so each year our receivable is going up.

We have tried to address this. If we can identify individuals who are unable to pay, or individuals who are deceased, or for any other reason the fine is uncollectable, we will seek approval to write off that fine under the Financial Administration Act either through Treasury Board or through the deputy minister.

In the past number of years we have increased the number of write offs. Right now we are up to, in total, say in the past ten years, we have written off almost \$8 million in fines for people who cannot pay. We still have the individuals who refuse to pay. That increases the balance each year.

MR. OSBORNE: Okay.

Sorry, go ahead Heather.

MS JACOBS: Another reason as well is obviously we put more police officers in the Province significantly since, for example, 2004. Because we have more police officers on the street, there are more fines being imposed. As well, the amount of the fines has been increased. For example, if you drive with no insurance, the first fine for driving without insurance is \$2,300. A subsequent fine is \$3,450. The dollar values of fines have also increased significantly.

MR. OSBORNE: Okay.

Both have said that 80 per cent of people pay their fines. You have also said that it is only a small percentage. Twenty per cent of the people - two in every ten people - not paying their fines is not really a small percentage. Has that

percentage of people who are not paying their fines increased as well?

MS ENGLISH: Not necessarily. I did a review of the payments that came in, in the last fiscal year, to determine the age of the receivable when the payments were made. Most of the fines are paid within a year to eighteen months. Most people tend to wait until their car registration or licence renewal is due at MRD and as a result they tend to wait until that time until their fines are paid. So, it may take a year or more before they actually pay it.

In general, again it tends to stay at about that 80 per cent or so level of people who do pay the fines. It will fluctuate. People make partial payments on fines. We do have people with payment arrangements. Some of these people are paying it off over a period of time and we will apply payments, of course, to older fines. So, it is hard to determine the exact percentage, but it would appear to be fairly stable around 80 per cent who pay.

MR. OSBORNE: Okay.

Seventy-two per cent of the accounts that are outstanding are older than three years old. How do you justify that?

MS ENGLISH: I am sorry. Could I ask you to repeat that question?

MR. OSBORNE: Yes.

Seventy-two per cent of the accounts that are outstanding are older than three years old. How do you justify the fact that 72 per cent of them are aging as outstanding?

MS ENGLISH: Most of those fines have been in the system for quite some time. The individual may be out of the Province. The individual may be deceased. The individual may not have a licence. Or the individual may, in some cases, have a different driver's licence number, and the driver's licence number is how we track them.

We are working with Vital Statistics to get regular reports on deceased individuals so that we can write off those particular fines because, of course, the individuals cannot pay. Because

so many tickets are imposed each year, about \$10 million or \$11 million, the majority of the focus is on the newer fines. We do spend some time trying to work on the older fines, but there is a high volume of fines, tickets, and individuals that we are working with.

We have a group of seven individuals in the collections unit: six collection officers and a manager. We try to deal with the newer fines as best we can and then try to go and follow up with the older fines, of course.

MR. OSBORNE: I am sorry. Go ahead.

MS JACOBS: I think one thing sometimes we forget is we do collect around \$11 million in fines each year. It is around \$11 million we impose each year, and then we collect between \$10 million and \$11 million each year. So our collections per year are not too bad; but, yes, there are significant outstanding fines.

MR. OSBORNE: Okay.

I have one other question. Before I get to that, just in response to my – you said there are seven collectors and one manager. In the Auditor General’s report it outlines that there were eight collectors. Is there one less now than there were?

MS ENGLISH: Six collectors and one manager within the collections unit.

MR. OSBORNE: Oh, sorry.

MS ENGLISH: We did have eight collectors. During Budget 2013, with the necessary budget reductions at that time, we did lose two financial collection officers.

CHAIR: Mr. Parsons.

MR. K. PARSONS: Good morning, and thank you for coming out in this beautiful month of July that we are having.

My concern mainly is the people – I listen to the news every morning and you hear of somebody getting picked up the night before and they have fines of \$30,000 or \$20,000. How does it get to that level?

Obviously, if you get caught with no insurance or your driver’s licence, it is not \$5,000 worth of fines. Obviously, these people have been caught and caught and caught. Why do we let them continue to drive, and how do they get through the system?

MS ENGLISH: Most of the individuals that you will hear about with these high dollar balances do not have a licence, they do not have insurance, they do not have registration, and they do continue to drive. I have assessed a lot of the higher dollar value ones, and most of them have a number of no insurance tickets which can easily drive up the balance.

One individual was twenty-one years old and had almost \$30,000 in fines, and it was because he had eight or nine no insurance tickets. The police know who those individuals are, and that is why they are getting picked up so often. They are going through the court system and they are being assessed. However, not having a licence, not having insurance, and not having a registration is not deterring them from driving, they still continue.

MR. K. PARSONS: Obviously, they have been caught so many times. Do they go through the court system?

MS JACOBS: Yes, they do. These individuals have spent some time in our prison system and then, unfortunately, when they come out they will continue with the same action.

MR. K. PARSONS: Is there something that we should be doing to make sure that – I really do not understand how it can get to the level that it gets to. It is like anything, once they get to a certain level they are not going to pay it anyway. They are going to say: Well, what is the difference between \$5,000 and \$20,000 in fines?

What are we doing? Is there any deterrence that we are using? Once you get caught for your second time with no driver’s licence or no insurance, are the penalties a lot more? What is happening there?

MS JACOBS: They are going through the court system. Some of the individuals are being put into jail and serving jail time. It just seems that they still do continue with the same action when

they are released. I cannot speak for all that they do all spend time in jail, but I do know we have looked before to see if these individuals have spent jail time and they have.

MR. K. PARSONS: Okay. My question basically is once they get caught for no insurance ten times, because obviously it is about ten times they are after getting caught, what do we have there? Do we have anything to say: Well, listen, we have to put an ankle bracelet on this guy to make sure he is not driving so we can track him, or something like this?

I feel that once it gets to that level it is kind of ridiculous, because they do not care. They are going to get out and drive again. What are we doing? Are there any policies or anything like this that we are trying? It is a very small group of individuals, but it seems like these individuals, when you look at the amounts of money it is huge. The cost is unbelievable.

My fear is for people who are driving out there with insurance. You have these guys who just do not care. Obviously, if they do not care about their insurance, they do not care about impaired driving, they do not care about reckless driving; they do not care about anything. I am just wondering, what we are planning.

It seems like, to me, that since the RNC has the right to pull people over on a whim basically, than having an excuse, this really did increase when they could recognize the guy and get away – they got a lot more it seemed like. I am just wondering what we are doing.

That is my whole problem with the thing with the fines. I understand people pay their fines when they get their registration and stuff like that. Most people do pay the fines. This individual group of people who do not care about the law, I am wondering what we are doing for them. I do not know if we are doing anything, it does not seem like it.

MS JACOBS: I know the police are very active. I guess that is why we are picking up these individuals. We are putting them through the court system and we are putting them through the criminal system. Hopefully that is providing some deterrent.

Each day they do pick up people, it seems, as you suggested. We hear on the RNC report that they do pick up these people. I guess the good news is they are picked up, their vehicle is impounded. They are going through the court system and what that system provides, and the vehicle is destroyed. Unfortunately, if they do or do not serve court time, when they get out they are getting another vehicle. We are taking them off the road for a period of time and maybe some people are being deterred.

MR. K. PARSONS: My suggestion would be to do some publicly. If we have individuals out there, and there is a list of them obviously who owe over a certain number of fines, that if individuals in their neighbourhood or in their communities knew these people were the ones who owed all the fines, maybe that would be a deterrent. There would be something that would come out and say listen here, list the number of people.

If you owe over \$20,000 worth of fines, which is only a small group of people, I think the general public should have an idea that these people are out there. Are there any plans or anything, would that be a deterrent? Is there anything you are looking at?

MS JACOBS: I am not aware of us considering anything like that right now.

MR. K. PARSONS: Okay. I just think there should be something put in place so the general public knows there are people on the road – it seems brutal to me.

MS ENGLISH: I just wanted to comment on that.

There are quite a number of people out there with outstanding fines but I would like to indicate that some of those people are in fact endeavouring to pay those fines. We work with people who are unable to pay in full, and we do enter into payment arrangements with people. We will ask them to pay a down payment as a sign of good faith, their intention to continue with the contract, and we will ask them to make monthly payments.

While there are individuals out there with high dollar values, some of which are driving related

finest of course and some of which are also other fines, such as tobacco fines, which are fairly significant. We collect those fines as well once they come from the court.

Some of those individuals are in actual fact making an effort to pay. While it may take them a long time, they are trying. It would be hard to differentiate, provide a list of people, which I am not even sure if we could do that under our current ATIPP laws, if we would be able to provide that list of people. Then we would need to identify those individuals who are not paying because they are unable to pay due to financial circumstances or those individuals who are making an effort to pay.

MR. K. PARSONS: My thought is not with the individual who is making an attempt to pay or the individual who goes back and says: Listen, I will try to do some arrangements and make some contact with people who are collecting the fines. I have no problem with that individual. My problem is with the individual who does not really care.

It seems like to me, when I see a young person or an old person, whatever it is, get called in with \$34,000 in fines, then they go and get a slap on the wrist and they are back out driving their vehicle again. I think there should be something put in place that if I am a neighbour and I know that this person is on the road, it would be nice for me to know that person is there because it is a safety risk for everybody. Obviously, they don't care.

Are we doing anything with other parts of government, say, with moose licences or cutting permits and stuff like that? Is there anything in place, when an individual applies for something, that we recognize he owes X number of dollars and we say okay, boy, you cannot get a moose licence?

MS ENGLISH: Some of the departments currently have some measures in place. For example, the Department of Natural Resources monitors the fines that they themselves issue. They track those for purposes of issuing permits. If you owe a fine and you wish for another permit, they will hold off that permit.

We have considered looking at large game licences, and it is something that we are still considering. We are looking at bringing forward something in the near future at least to address it again with the Department of Environment on that. We considered other licences as well. Small game licences, of course, are not an option, because those are delivered through small community stores and so on. So, that would be an ineffective way of getting any fines, if recovered that way.

We have also spoken or approached the Vital Statistics Division of Service Newfoundland and Labrador with respect to some of the licences that they issue there, but that would not necessarily be effective. We could look at marriage licences, for example, but in all likelihood that would not be effective. The number of marriages, apparently, in the Province has been going down. The registrar there did not feel that it would necessarily be effective, as people just would not get married or they would marry outside the Province.

CHAIR: Mr. Murphy.

MR. MURPHY: Thank you very much, Mr. Chair.

I have a few questions with regard to this particular section of the Auditor General's report. One of you mentioned earlier about the jurisdictional review for other parts of Canada that you have been doing. I am just wondering: When it comes to the whole aspect of Fines Administration, particularly as it pertains to insurance, have you been looking at, for example, what other jurisdictions have been doing, how they have dealt with that problem as regards uninsured drivers out there and fines that are owing?

MS ENGLISH: That has not been one of the items that we have been looking at from the Fines Administration perspective. Our responsibility as a division is the processing and collection of fines for the Province. The issue of no insurance, which is an offence under the Highway Traffic Act, which is maintained by Service Newfoundland and Labrador, is not an issue that we have actually looked at. We are looking at collection.

MR. MURPHY: You would not be looking at that particular aspect; you would just be looking at basically the collection –

MS ENGLISH: The collection and processing of fines.

MR. MURPHY: I will keep focused on that then.

In response to a question from the Committee, the minister noted that there is an operational plan under development. I will talk about that for a bit. Can we have some of the details as regards what you are looking at for the operational plan and what you hope to implement?

MS ENGLISH: I am working right now with an analyst with our Policy and Planning Division. As I said, we are looking at other provinces to see what they are doing, whether or not they use or have operational plans in place, and what types of things that they look at.

It is very difficult to be very specific with respect to what we are actually looking at. We have defined what our internal requirements are with respect to collections, and also of course the processing of fines and tickets which is our responsibility as well.

We have basically narrowed it down to what we do and we are looking at what other provinces do and just formalizing what we already have in place, simply around how we process the fines, how we process the tickets, the numbers that we process, what type of performance measurements we can put in place to ensure that the right numbers of tickets are being keyed each month, and that the right number of payments are coming in.

We are looking at our processes in terms of collections: who collects what, how to monitor, how the payments are made, how the payments are received, and follow up with clients, that type of thing. We hope to formalize all that into an operational plan with the defined performance measurements that the Auditor General had recommended.

MR. MURPHY: Okay, so you have been looking at other jurisdictions obviously.

MS ENGLISH: Yes.

MR. MURPHY: What have you noticed, anything yet that we are not doing that other provinces are?

MS ENGLISH: Actually our Province is doing quite well. Some of the other provinces do not necessarily have a centralized collection space, for example, such as we do with our fines. Some other provinces do not avail of the Federal Refund Set-Off Program with Canada Revenue Agency such as we do.

Right now it is still in process and it is really hard to say exactly how well we are doing that. It did appear to me, when I was reviewing some of the documentation that we have received so far, that we are not doing quite as bad as I had thought from the Auditor General's report.

MR. MURPHY: Do you have an estimated time, Ms English, as to how long your review is going to take place? Have you put a time limit on that?

MS ENGLISH: We hope and we plan to have something in place by the end of the fiscal year. I am hoping that will be done, but I cannot commit to that time frame. It is our intent to have it done by the end of the fiscal year.

MR. MURPHY: Okay.

Given that the fines collections is a long-standing problem, why hasn't a new plan been developed before now? While the Auditor General talked about it in 2008, this is basically 2014 now – 2013 when he first looked at it or looked at it for the second time. There is a considerable amount of time that has gone by. I am just wondering why there was a five-year gap before this review was done.

MS ENGLISH: In actual fact, the Auditor General, I do not believe, made a recommendation in 2008 with respect to an operational plan. That was something new in the most recent review that was done last year.

The division still feels that we have policies and procedures in place. We do have our own review mechanisms in place; they simply have not been formalized into an operational plan.

We took the Auditor General's advice and we are looking at that.

MR. MURPHY: Okay.

What information does the department have that makes them think that 75 per cent of the outstanding fines are not going to be able to be collected? Basically, uncollectable, I guess if I can use the term.

MS ENGLISH: The allowance for doubtful accounts that we currently have right now works out to about 75 per cent of the fines that are owing. It is an accounting calculation that was defined in conjunction with the Office of the Auditor General a number of years ago, with the previous director of the division.

Prior to that, the division had a different method of determining the allowance for doubtful accounts; however, the Auditor General had made recommendations to formalize a process with respect to the age of the receivable, the collectability of it. It is a numerical exercise to determine the value of the allowance for doubtful accounts. It is not by fine; it is on the whole receivable.

MR. MURPHY: Right.

The Auditor General noted that 46 per cent of accounts receivable is owed by 2 per cent of the accounts. By the sounds of it, there are some huge fines owed by very few people. Can you offer some examples as to what you are dealing with on the part of some of these people? I assume these people, according to those numbers, owe some pretty large amounts. How come we can't do a little bit more to collect on some of these people who owe these large amounts?

MS ENGLISH: We have about 43,000 people right now who owe fines from a parking ticket to a tobacco fine. The fines can range anywhere from a \$5 fine to a tobacco fine, which could be \$160,000 to \$170,000 for example.

We are reaching out to these people to try to make an effort to get monies recovered. In many cases people are in receipt of Income Support. They have a history of incarceration. They have social problems, low education, and

basically have an inability to pay. They have no assets, no home that we could seize, which is an option that we do have under the Judgement Enforcement Act.

We register all accounts over \$300 with the Supreme Court which allows them to be registered then on the Judgement Enforcement Registry with the Sheriff's Office. That gives us additional powers with respect to garnishing their wages, and attaching their bank accounts. While we have not done it we could seize assets.

We are reaching out to those people and trying to work with them, but in many cases we cannot find them or they may have moved. They have not changed their address at MRD because they do not have a licence or a registration. It is difficult to find them. When we do find them, we will work with them. If they have income of some sort we will try to enter into a payment arrangement or we will garnish their wages; or, if they do not have any ability to pay we will consider write off.

MS JACOBS: That is why we are going to start this pilot project as well with the RNC because we have identified around 200 of our top offenders. We are going to give the RNC probably a list of twelve names first time around to see if they can help us find these individuals and see if we can have some success, either getting them to pay or entering payment arrangements, or determining their ability to pay.

One of the biggest issues with Fines Administration for these individuals you are talking about is we cannot find them. Now we are going to hopefully use the RNC to help us find these individuals and have discussions with them.

MR. MURPHY: Okay. I am just curious on the methods that you would be using to track somebody down. Obviously through the justice system they would be using things like CPIC, the normal tools, and then CRA.

MS JACOBS: Yes, they would be the tools that the RNC use. In Fines Administration, Virginia can tell you the tools that she uses, but obviously the RNC have more tools and greater knowledge of individuals in the community than Fines

Administration does. That is why we are going to do this pilot to see if the RNC can assist us.

MR. MURPHY: Okay.

I have a question, too, as regards the number of people who are working in Fines Administration. It has gone down to six, plus one manager. You have lost two people here. Has the department been affected when it comes to collections because of the loss of staff there? Do you need more staff there in order to collect, is what I am asking?

MS ENGLISH: We did lose two staff last year, and it has had some impact on the division; however, the other collectors have been working together and we have tried to work out ways to share the caseloads among them to the most effective use that we can.

We did have a new position, an administrative person, approved during the most recent budget. We are working through the process right now of hiring that person. When that individual starts with us, having that person there will help the collectors and it will enable them to focus completely on their collection efforts, and that person will take on the administrative duties associated with the collections unit. In addition –

MR. MURPHY: Overall – oh, sorry, go ahead.

MS ENGLISH: I just wanted to mention that there are fifteen staff with the Fines Administration Division. We have seven people in the collections unit, as you said. I am director responsible for both units. The other unit, of course, is data entry. We have seven people in that unit. We are also responsible, of course, for the processing of all tickets, all fines in the Province, and the collection of payments and the monitoring of payments received from other sources, such as MRD and Canada Revenue Agency.

MR. MURPHY: Okay.

When it comes to the collections, though, what I am wondering about, too. When you had a full complement of staff before the layoffs, did you collect more in fines than what you did in the year when you lost staff?

MS ENGLISH: There was a slight drop in collections last year, yes.

MR. MURPHY: By how much?

MS ENGLISH: In fiscal 2013-2014 we collected \$10.9 million; in fiscal 2012-2013 we collected \$11.5 million.

MR. MURPHY: Okay. So it was basically a million bucks, give or take.

MS ENGLISH: No, about \$600,000, \$500,000.

MR. MURPHY: About \$600,000. Are we better off, do you think, in retaining more staff there to collect those monies? Have you done an analysis to see if it would have been more worthwhile, if you will, to keep those staff there and make sure these fines were collected rather than let the staff go and end up with more of an amount owing to the government?

MS JACOBS: The fiscal climate dictated at the time. Then the government decided to not have as many collection officers. We knew that would probably have an impact, and it had.

MR. MURPHY: The government actually shot itself in the foot by not having more staff there to collect the money.

MS JACOBS: That was the decision that was made at the time in the fiscal climate of the day.

MR. MURPHY: Yes.

CHAIR: We should go on to Mr. Peach.

MR. PEACH: Thank you very much.

I had a few questions but most of them have already been asked. I made some notes as I went by there.

I am just wondering, and a follow up I guess to what Kevin was saying earlier. The licence and permits, like moose licences and things like that, there are a lot of other things out there that we could be refusing to people. A lot of the general public thinks that anybody who owes all these fines should not get anything at all. If you are applying for a moose licence, if you are applying for a boat licence, trailer licence or something

like that, that nothing should be given at all because to keep those people on the road – we have to do something to try to cut down on what is happening out there.

As Mr. Parsons said, there are some people out there who just do not care. If you catch them today, tomorrow morning they are in another vehicle. You take the vehicle, you beat up the vehicle, you destroy the vehicle, do whatever you want to do with it, but next week they are back in another vehicle. I certainly think we need to pursue more action in that field. Have you given any consideration to broadening out the permits or licences that could be given out and refusal?

MS JACOBS: Just say, for example, Support Enforcement does do big game licences when they are trying to collect theirs, but they have 1,600 debtors. It is done through a manual system, as I understand it, that they can identify these people for big game, so that they will not get, for example, their moose licence.

In Fines Administration, their group of debtors is 46,000. To do that manually would be very difficult, as we understand it. What we are hoping to do is have discussions with Environment and Conservation maybe just in the similar vein as we mentioned before, the top offenders, and identify a smaller group so it is more a number that we can say this group, for example, of 200 people should not get their moose licence. It would be very difficult to give them 46,000 names. It is a manual system.

Maybe Virginia can explain it a little bit more, because she has been in discussions with them.

MS ENGLISH: I have been talking unofficially with some people with the Department of Environment in the Wildlife Division. We do intend, as Heather mentioned, to follow up on that. They did present some compelling arguments with respect to the amount of manual effort that it would take them to go and identify these individuals and pull the fines. They also made some comments which I would like to repeat today; one being that an individual who owes that amount in fines and who is currently driving without a licence, insurance, or registration is quite likely to continue hunting without a licence if, in fact, that is the case.

He also brought up another point which I would like to share with respect to: some people who have low income and who are unable to pay their fines, even if they have not come to us with that, also use big game licences as a means of supplementing their food supply. I just wanted to mention those comments that he made to me. In the meantime, we do intend and we have already started the process of getting some documentation together. We do intend to engage them.

MR. PEACH: Yes, I understand that. What I was mostly getting at is that if you are caught tomorrow hunting or fishing illegally, then you are prohibited from getting a licence for five years or whatever. If you are caught driving on the road with no licence and no insurance, you go to the court, the court will give you either a jail sentence or a fine to pay. There is no other method in place then, other than through collections, to get these fines. If you had it broader and they saw that they could not get anything else, what everybody else is enjoying, maybe that would deter people or at least give them a second thought of driving without a licence or without insurance. That was my point on that one.

I am just wondering, all the fines that we have heard – you turn on the radio and you hear big fines, really. In the Auditor General's report, we are talking about a lot of fines there under \$400, but they all amount up after a time. Do we have any system in place to follow up periodically on these that is outstanding?

MS ENGLISH: The financial collection officers each carry a caseload of active fines, particularly ones that have been sent to the Supreme Court for judgement and are registered with the Sheriff's Office. We do have a system with Fines Administration called FAST – Fines Administration Software Tool – and the collectors use that as a documentation tool to keep track of their cases, to monitor, and to follow up. There are regular reports that are printed out there which will remind the financial collection officers which people are due, which people owe money, and which people have new judgements, and there is regular follow-up with them.

MR. PEACH: I have a question for Terry, if you may. I am just wondering on Part 3.3 of the report, on 10 there, you talk about, “ Although legislative authorities exists, a Fines Option Program (credit in exchange for work) has not been established and there has not been a proposal to the Lieutenant-Governor...”. Can you elaborate a bit on what you mean by that?

MR. PADDON: I think this was talked about a little bit earlier. This is a program where you essentially work off your fine. So you provide community service or something like that to reduce your outstanding indebtedness. Our understanding is that the provision is there to implement that, but up to this point it had not been implemented or there had not been a decision taken to move in that direction. However, I understand from the discussion earlier this morning that is now under some consideration, but there are obviously some practical issues that have to be dealt with: what the delivery mechanism is, and what rate per hour you establish to try to work off the debt, those sorts of things.

MR. PEACH: Okay, thanks.

I have one more question here. I am just wondering: Those fines that you talk about as uncollectable, what happens to those? Once they are deemed uncollectable, are they just forgotten or are they somewhere that if somebody is applying for something they would have to pay some money on it? How is it done?

I know when I was mayor of a town council we were always told by the auditor that even though they are deemed to be uncollectable, they still would go on that book because there could be all different kinds of reasons why the person could not pay. They may not be working or somebody could be sick and really ill and may not be able to pay at that time, and they could be a couple of years overlapped so they would be deemed as uncollectable for that year or whatever. What happens to that money? Because if you are writing off somebody who owes \$25,000 in fines, all you are really doing is just giving them a break in between and they are just going to rack up another \$25,000. Is there anything that you have looked at in that field as how to better the method that we are using here for uncollectables?

MS ENGLISH: That is a very good point. We do consider uncollectable fines when we are looking at potential write-offs and looking at writing off the fine. Under the Financial Administration Act, though, we have the ability to write off the fines with the approval of Treasury Board or a deputy minister, depending on the dollar balance of the fine.

We take that very seriously and we put a lot of time and effort into presenting a case forward for a write-off due to uncollectability; however, the Financial Administration Act also says the writing off of a deficit under the act does not affect the obligation of the person from whom the deficit was due to pay it or the right of the Crown to recover it. So, the fine never goes away, even when we write it off.

What we do is we maintain a listing of all uncollectible fines or fines that have been written off. We keep them in our system. They are not part of our current account receivable, but they are certainly part of the receivable due to the Province. They are kept there off the record.

When you hear of people who are picked up in the media who may owe \$40,000 or \$50,000 worth of fines, some of that balance may actually be a written off balance because we keep that balance on MRD. We ensure that an individual still cannot get his or her driver's licence and/or register a vehicle simply because we have written off the fines. We keep that balance separately at MRD.

We do consider collectability of fines in the future. In actual fact because we have kept the fines at MRD, we have entered into arrangements with people to pay off fines that were previously considered uncollectible.

MR. PEACH: Once they come down to the situation where somebody owes \$25,000 and now they are in the non-collectible records, it seems like that is time then to take drastic action against that person to say, look, maybe we should have some kind of a method in place to say that any permits or licences or whatever – now, I do not want to see somebody not getting a marriage licence, but there are a lot of other things that can be done. Maybe they should be

restricted from being able to apply for any of the others at that point.

MS ENGLISH: It is certainly something we need to look at, yes.

CHAIR: I think Mr. Paddon would like to respond to that question before we move on to Mr. Osborne.

MR. PADDON: I wanted to sort of indicate just for clarity. The provision for doubtful accounts, the 75 per cent, is an accounting provision. It is really just a judgment call on an overall basis, not necessarily on an account by account basis, to ensure that for Public Accounts reporting purposes, the value of the receivable is not overstated. Based on experience, you would expect over time that this amount would likely be uncollectable.

Virginia is right; the debt does not disappear just because you have an accounting provision there. It is really just to satisfy the reporting provisions when we do the Public Accounts.

The other aspect then is the write off as a bad debt. This is when you look at – if somebody is deceased for argument's sake then you would say, well, there is not much chance you are going to be able to collect that. You would go through the appropriate channels, either through the deputy minister or through Treasury Board, depending on the value, and have it written off. Even then, it is still technically there. At some point in time you do have the ability to go back and collect it if some assets became available or something of that nature.

Ms English is correct, it does not go away.

MR. PEACH: It is still on record but it is just not repeatable every year.

MR. PADDON: That is right.

MR. PEACH: Okay.

CHAIR: Mr. Osborne.

MR. OSBORNE: Virginia, you mentioned in one of your responses that some individuals have fines that are still considered collectable and some are considered to be written off. I

understand if somebody is deceased that a fine can be considered uncollectable, or if you simply cannot find that individual, there is no way of tracking them down. How can you have an individual who has fines on the books that are considered collectable and that same individual has fines that are considered written off?

MS ENGLISH: It can happen. We do have individuals who are simply unable to pay and do not appear to ever be able to pay their fines. They have been incarcerated, they have little or no education, they have little or no family supports, and they have no assets. They may have a history of employment, but it would normally be probably labour, minimum wage type jobs. These individuals simply do not have the ability to pay.

We will consider those, as I said before, very seriously before we will submit them for write off because they are subject to scrutiny by Treasury Board, not only Treasury Board, but also by the Auditor General and by the Comptroller General. Those people may have fines written off, so that balance may be considered uncollectable and written off, but they may in the future again go out and incur other fines. They may continue to drive. They may continue to drive without insurance, so they may collect other fines.

It is possible that that would happen. In all likelihood, with the history that person has, in future we will probably have to submit those fines for write off as well, because it is unlikely that individual will be able to pay.

MR. OSBORNE: Okay.

You mentioned as well in one of your answers that Support Enforcement have the ability because they have more collectors, more people working there. Did I misunderstand that?

MS JACOBS: No, I just said one of the issues – the difference between Support Enforcement and Fines Administration is that Fines Administration has 46,000 individuals who owe money, where Support Enforcement has 1,600 debtors. So it is easier for the Support Enforcement shop to stop people, for example, from getting big game licences, because when they work with Environment and Conservation

there are only 1,600 people who need to be identified. That is just one of the issues we have.

MR. OSBORNE: I cannot believe that the left hand of government does not know what the right hand of government is doing. With today's technology, why are we not cross-referencing – and this question is multi-faceted. Why are we not cross-referencing with other agencies that prevent somebody from getting a hunting licence or other benefits from government? That is not flowing over into Fines Administration.

Why don't we connect all of these departments and – I will let you answer that before I go on to the other aspect of that, because it certainly seems to me that it would be a generally easy fix to connect all departments in tracking an individual, if through one department they are not permitted a hunting licence if they are not paying a debt, but through Fines and Administration that does not happen.

MS JACOBS: I cannot –

CHAIR: Before you answer; answering that question may go into a policy area of government and we do not actually inquire into policy; however, the question could probably be rephrased to say, if there was a mechanism in place, do you think it would help you in collections?

MS ENGLISH: Yes, I do believe that it would. Right now, with respect to the systems you referenced, there are multiple systems across government. For example, Fines Administration uses a database called ticket management system. It is a mainframe system, and it is very closely interconnected with the MRD system, which is of course much more extensive. Those are mainframes.

Just as an example, Wildlife Division of Environment uses as a separate system called WIMS, which is Wildlife Integrated Management System. At present, there is no ability for those two systems to talk. That would be one of the challenges. Yes, it would be helpful if they did, but at this time they do not.

MR. OSBORNE: Okay, and likewise, cross-referencing – people go to hospitals and use

their MCP card. Would it be helpful if all of these aspects of government in helping to find somebody who owes a fine by integrating all levels of government, all aspects of government, including Eastern Health, would that not help track down an individual who owes a fine?

MS ENGLISH: You are probably right; however, of course, there would be a number of things that would have to be considered when looking at that, such as a person's right to privacy, a person's basic right to health care, that type of a thing. Even right now for us to have access to other systems, such as the MRD system, which our own system is closely connected with, we do have an information sharing agreement with Service Newfoundland and Labrador because of the confidentiality issues with individuals and with the confidential and personal information that is maintained on the MRD system. So those types of things, yes, would have to be considered as well.

MR. OSBORNE: I would not suggest that we prevent somebody from –

CHAIR: The difference there may be that when somebody is applying for something like a hunting licence or whatever, you are applying for something which is a privilege, whereas when you are dealing with health care, that is a basic human right that we have decided to provide. I would suggest it would engage privacy considerations, because it is not voluntary whether you get sick or not, it is voluntary whether you apply for a big game licence. So that would be like –

MR. OSBORNE: Mr. Chair, if I could. I am not suggesting that we interfere with somebody's right to health care, but I do remember when I was Minister of Health and we had Dr. Buckingham – Heather, you will remember that – we almost lost that case because we were not able to put a jury together. What we did in response to that was tied in the ability to collect names for jury lists with MCP, as well as Motor Vehicle.

We did not prevent anybody from health care, but what is the difference in enhancing the ability to select a jury and enhancing government's ability to find somebody who owes money?

CHAIR: I do not know if that is a question and it may be beyond the scope of the witness.

MR. OSBORNE: No, it is a statement.

CHAIR: Okay.

MR. OSBORNE: I have a couple of other questions. I find it unbelievable – and I know that this does not fall to your level; it is more political. We have had a decrease of collections of \$600,000 last year; in part, because of two cuts in collectors, which I think is penny-wise and pound foolish. The question that I am asking: There is now fifteen staff in Fines Administration collections; other than the two collectors that have been cut, have there been any other cuts?

MS ENGLISH: Yes, one of the data entry staff, a Clerk III position, was eliminated during Budget 2013; and another position, a Clerk Typist III, which was only a temporary position, was not renewed.

MR. OSBORNE: Okay.

MS JACOBS: Just to clarify, the staff today is fifteen, but the latest budget did add an additional administrative person. So, the staff complement will go up to sixteen for this fiscal year.

MR. OSBORNE: Okay.

I am not suggesting that we go to outside collections agencies. I am asking a question: Is there a benefit with some of these fines that are difficult for government to collect to look at – and maybe I should direct this to the Auditor General: Would there be a benefit in looking at an outside collections agency to assist with the more difficult to collect fines?

MR PADDON: I cannot reach a conclusion. I can provide a comment, I guess, because I do not know the specifics around what would be involved with an outside agency versus an inside agency. Obviously if you go to an outside agency, there is a cost involved with that likely over and above the cost of providing your own staff because they would charge some kind of a fee, a profit element. I do not know if you would be, cost-wise, any further ahead. I mean,

you might be better off taking the resources and putting them in your own department and trying to increase your collections that way.

I will add a comment now which might be a bit gratuitous because I know both Ms Jacobs and Ms English are probably a bit reluctant to weigh in on the issue of a policy decision taken by the department to reduce staff.

I think in the circumstances, my personal opinion, where you are generating income or generating revenue through staff resources, you may, as a general comment, want to think twice about reducing staff there because it does have a negative effect on the revenue. I am not quite sure what the salary is for a collector, but if you assume it is somewhere in the \$50,000 to \$60,000 range, then your break-even point is \$60,000 in collections in simple terms. It is just sort of a comment from my perspective.

MR. OSBORNE: Absolutely. Yes, I would tend to agree. Two collectors resulted in a loss of revenue of \$600,000. We are not paying those two collectors \$300,000 a piece, so I concur with you.

MR. PADDON: That was kind of the point. We did raise that issue that two collectors had been let go as part of the Budget process and sort of relate that then to the volume of accounts per collector. Obviously, on a per collector basis, the number of accounts they have to cover rises as your individuals drop. Just intuitively, you would think it has to impact on the collection effort.

MR. OSBORNE: Just a couple of more questions, Mr. Chair, if I could. Would additional training for the collections staff provide benefit in assisting with collections?

MS ENGLISH: The division has availed of training that has been made available through the department and through organizational development funds and so on for staff. They have already gone through different types of training. One that comes right to mind is dealing with difficult people and a number of other things. The staff that we have right now are well trained. They are very good collectors and are very good at what they do. Additional

training is always helpful, but it would not be the first tool that I would go to at this time.

MR. OSBORNE: This is more of a comment prior to getting to my question. Just as we cannot prevent somebody from the right to health care, obviously if somebody is on social benefits and owe fines, it is difficult to collect from those individuals. You cannot prevent them from receiving the basic necessities of shelter and food.

I do not think there is a great deal of public sympathy for somebody who owes \$50,000 in fines. I think there would be a great deal of public support in saying that we connect and collaborate with other departments to prevent those individuals from having other benefits that are not life essential such as hunting permits, such as whatever; but the other recommendation or something that was outlined by the Auditor General was the issue of working off the debt – programs. The fact that the department has not strongly pursued that, providing community services – still allowing them to collect their social benefits, which would provide them with food and shelter, but having them provide community services of some degree. I strongly recommend that the department pursue that as well.

MS ENGLISH: If I may just comment on that, as Heather mentioned before, the department is pursuing that and we are looking at other jurisdictions and hope to have some resolution on that in the near future.

CHAIR: Mr. Cross.

MR. CROSS: Thank you.

I would like to reiterate that on such a beautiful day there are obviously things we probably need or want to be doing other than being in meetings such as this, but it is a function of this Committee and a response to the Auditor General's report that gets us here.

Most of the questions at this point have been asked, but there are still a few points or a few things as we go through that I have to needle at or pick at a little bit just to clarify. Sometimes when we look at the report and we look at statistics, just the use of certain words

sometimes indicates one thing but when you read through it the second time, it puzzles you because you do not know exactly what it means. For example, just to give a quick example of that, on page 123 in my booklet it is referring to the number of accounts in the table.

Now, accounts, is that one person? Is that the number of people? Then when we look at 81,771 as the number of people – because I know you have been referring to a number around 43,000 or 45,000. I did not quite catch it to write it down as we went through. Would accounts mean probably the total number of fines, or are the multiple fines and a certain person attached to their own account?

MS ENGLISH: Multiple fines for – it is one account.

MR. CROSS: You would obviously think there is 142 people there owe \$20,000 or greater, so that is not just one single fine.

MS ENGLISH: That is multiple.

MR. CROSS: The multiple fines would attach to the account. I guess that is one way of looking at it, but I just looked at that example. Another case that something makes this complicated is item 5 on page 116, when I try to come back to that, “The age of Provincial fines receivable has deteriorated significantly since 2008.” Then it said, “...72% of Provincial fines receivable...” Again, somebody might look at that quickly and say 72 per cent who owe fines in the Province are not paying them, but that is not true; it is 72 per cent of the receivables.

Is there a statistic that we can attach to the number of people who are referred to in the 72 per cent? Sometimes that can be a totally misleading figure. I do not know; I am just puzzled. I am just thinking out loud now.

MS ENGLISH: The 72 per cent of provincial fines receivable that have remained uncollected, it could be any number. I am not quite sure.

MR. CROSS: It could be like 8 per cent of the people?

MS ENGLISH: Yes, that is the total receivable –

MR. CROSS: We use a statistic like 72 per cent sometimes when it comes out; then all of a sudden – but really it is 8 per cent of the people who owe fines. The two statistics really show a different picture and whatever, because just above it said 2 per cent owe 46 per cent. I know in my former life as a teacher and as a principal, I spent most of my time in discipline on about 2 per cent of the population of the school.

MS ENGLISH: Yes.

MR. CROSS: That is going to certainly help lead into the other thing that I wanted to ask I suppose.

If you have discipline issues and you treat it totally as a discipline idea, or a fine is a fine, it is \$1, we have to collect it and we have a narrow focus that we are looking just to collect fines. Is there some with this pilot project that you referred to – okay, we can identify our twelve worst cases, but is there somebody in those twelve worst cases that we can identify somehow, either through the fines option program or through some other rehabilitative process, whereby we allow them to – they might work off their fine, but we might be able to get them some credit counselling. We might be able to get something to help straighten out their life, brought into the picture more so than just through justice and through fines.

How can we connect, or how is this interconnection of the different departments – I think Mr. Osborne started to allude to it and probably would have gotten into it a little deeper. I see the rehabilitation aspect is one solution to this, but we have not seemed to have tapped it, we have not seemed to look at it. What would it take? Where would we need to – how would we need to interconnect departments?

MS JACOBS: We are here today to talk about the collection aspect. That is a big policy question that I will leave for others for another day.

MR. CROSS: I agree there, and I do not want to get into that, but it seems like that is where the answer or part of the answer is with this.

You also mentioned – I want to go back to the statistical part again. Annually, it is about \$11 million, or \$11 million and some change collected. Then you said there is about \$11 million, or \$11 million and some change in new fines, or fines current for that year. Is there a way we can find out how these current fines are a part of that or how much is in arrears?

MS ENGLISH: That is a very good question and it is one that has posed some challenges for us. As I mentioned before, the system that we use right now, the ticket management system, is a mainframe system. It is solid as a rock. It never goes down as often as your computer may but there are some challenges with getting information out of it.

Like I said, most of the fines we do collect are the more current fines. It is hard to identify exactly what the percentage would be with relation to payments on the older fines. When we receive payments from anybody, we automatically go to the older fines first to pay them.

Again, when we have payments that come in from the Sherriff's Office on ones that are going through the Judgement Enforcement Registry, it is the same thing. We will put the payments on the older judgements first. It is difficult to actually answer your question with respect to where the payments go.

MR. CROSS: I think my question was more along the lines of – of the \$11 million that comes in in the current year, we know how much of that then is from that particular year. If we knew the demographics of the person who owed the fine – we know, typically, a person who gets a speeding ticket, and that is the only thing they owe, they pay it off as fast as they can to get their record clean.

I guess eventually someone falls in the trap where they become immune to fines: Oh, it is just another one added on. If you are used to paying off your credit card bill every month, you have no interest attached because you are paying it off, if you do that regularly you are in good shape. Because you keep it up, you are in pretty good shape, but if you get to the point where you keep relying on growing the credit and not

paying it off, and you are only making the minimum payments, you are stuck in a cycle.

It is the same as these people are with their fines. They are stuck in a cycle where it gets to be a part of their total workings and then other things come into play because obviously family relations get tarnished because of it. You get into other trouble with the law. You get into other problems with alcoholism or drugs or whatever, or even organized crime. It is all a part of that, so we really need to identify – and again, it is all policy.

Maybe it is just a struggle we have in our heads that we need to identify ways – because I am stuck on the idea of ways to try to help people, not as a ways to try to punish people. That is a different philosophical policy issue anyway. I will probably have to dig in some other department and drop some ideas or whatever. Again, maybe it is just good to get it off my chest this morning.

In the things that are being done, one final question, I will go back to the Auditor General then. We usually like to try to ask this question. What have you seen since this, I know another review is coming up, the changes or the ideas with regard to the findings and the recommendations, activities so far and answers so far seem to be moving in that direction, or are we just going to have to wait for the two years to get the next report?

MR. PADDON: Two things I have to base my answer on are the response that I saw from Minister King earlier in the spring, and the discussion we have had here today. Based on both of those, it would appear to me that the recommendations have been taken seriously to the extent – I do not underestimate the challenges that are involved in this, but it would appear to me that the division is moving in an appropriate direction.

MR. CROSS: Okay. I just wanted to get that for the record.

MR. PADDON: Yes.

MR. CROSS: Thank you, Mr. Chair.

CHAIR: Mr. Murphy.

MR. MURPHY: Thank you very much, Mr. Chair.

I have a few more questions, I guess.

CHAIR: We will take a morning break after Mr. Murphy.

MR. MURPHY: Sure.

CHAIR: We can resume with Mr. Parsons when we come back.

MR. MURPHY: Yes.

I have questions around unidentifiable accounts, if I can. There were 54,400 unnamed and unidentifiable accounts which the department notes are parking fines attached to out of Province vehicles. Do you have figures as regards to what that is, the percentage of the amount of fines owing when it comes to the overall amount that is outstanding of \$30 million? It seems to be a pretty high amount.

MS ENGLISH: I do not quite have a number on that; however, I would suggest that quite a number of those fines, if they are in fact parking fines, which is most likely, they would in fact be smaller amounts. I would note that under the Provincial Offences Act, a parking ticket attached to a vehicle does not have any identifying information. It is only required to have the information to identify the vehicle itself.

If we have a plate number we can identify the owner if it is a provincial owner, somebody within the Province. If it is somebody from outside the Province or from another country such as St. Pierre and Miquelon, or the United States, or another province, we have no ability to identify that individual. There is what we have.

MR. MURPHY: That kind of surprises me. Just thinking on the aspect of simple numbers, I think the lowest parking ticket, for example, is like \$12.50 or something. We could be talking about \$600,000 here in outstanding fines, a rough guess. Some people may think that is a Family Violence Intervention Court that we have not been able to collect on here, so the Justice department has lost out on that.

While it may be a small percentage, I am curious because if I am a police officer and I run an out-of-town plate I can get automatic information, for example, on who is driving that vehicle, if it is a plate from Montana. If I am running CPIC for example and I want to give somebody a ticket, I could find out information on who owns that vehicle and everything. The whole aspect of collections then, I am wondering, how come they would not have information on that?

What it sounds like to me anyway is that they do not have information on those people who own those vehicles. At the same time while you are crossing jurisdictions, we do not have an agreement with other provinces possibly here as regards the collection of these fines. I am wondering, at the same time, why we do not have that in place.

These are modern times. The age of the computer has probably helped in the exchange of messages between provinces for the last twenty years or so. Is there something we are missing as to what is happening in other jurisdictions? What happens in other jurisdictions when it comes to, for example, somebody from Newfoundland and Labrador who goes away and gets a ticket? Are we looking at that? Obviously, there is money that can be collected here on the part of government if it is a simple arrangement between provinces and States.

MS ENGLISH: I would note that we have an agreement with Motor Registration Division of Service Newfoundland and Labrador to access their records with respect to drivers and registered owners of vehicles. Motor Registration Division with Newfoundland does have agreements with MRDs in other provinces, but we do not have access to that information. It is not part of their agreement to share that information with us.

MR. MURPHY: Why is that? Is there a privacy concern there or something? This would be a justice thing to me.

MS ENGLISH: That would be up to Service Newfoundland and Labrador. I really could not speak to that.

MR. MURPHY: Okay. All right, it does seem like that is an easy problem to address too.

What are some of the other types of unidentifiable accounts that you would have? For example, we were just talking parking tickets here, and like I said it is \$600,000. Do we have other areas, for example, that we might have an outstanding amount like that which can be easily identified?

MS ENGLISH: For the most part, it is my understanding that most of those would, in fact, be similar to parking tickets, that type of thing. There may be some tickets in the system that may have been keyed by error or information may have been put in incorrectly. That is always a possibility and that may relate to some of those as well.

With the number of accounts and with the dollar value of the receivables that we have had, we have not focused attention on those unidentifiable accounts. I am really not 100 per cent sure if there are other reasons why there may be some in there.

MR. MURPHY: Okay.

It seems like since 2008 there has been a serious deterioration of the age of the fines that we have on account right now. I think that we have already identified that there is partially a budgetary issue within the last year; but, for the years back to 2008, were we also dealing with something that might have been budgetary? Have we identified reasons as to why these amounts of fines have gone up, the amounts owing?

MS ENGLISH: I will note that over the past ten years or so, or within the past six or seven years, there have been a number of new positions added to the Fines Administration Division. In 2007, I believe there were five collection officers added, which greatly enhanced the ability of the division to collect.

With the additional collection officers since then, we have been able to look at different things such as attaching people's income tax refunds and so on through the federal Refund Set-Off Program.

A lot of the older fines are simply getting older because those are probably individuals who are not driving or are probably moved out of the Province or whatever, and we simply have not gotten to collect on those. Those are just getting older.

MR. MURPHY: Okay.

You mentioned the Canada Revenue Agency, the agreement – I am just trying to find the title of the agreement. Anyway, it has to do with the collection of fines and everything through such uses as the goods and services tax, for example, and tax returns.

The Auditor General on his eleventh finding, on Page 131 of the report says, “The Judgement Enforcement Registry, payment arrangements and the Canada Revenue Agency collection options are not being used to their fullest extent because these options are only used for accounts with balances greater than or equal to \$400.” He goes on to say, “As a result, there are 73,131 identifiable accounts with a balance less than \$400, totalling \$6.3 million, that are not being actively pursued for collection.”

I note, in the response from the minister, that the minister has lowered this now from \$400 to \$300. I am wondering why we have that cap of \$300 in the first place. In my mind, a fine is a fine. If we have a cap of \$300, there is obviously still going to be revenue that is going to be escaping and probably, at the same time, aging on the government’s books. I am wondering why we have this cap of \$300 now, rather than have a cap of zero, for example.

MS ENGLISH: It was a decision that was made this year and approved by the minister to drop that to \$300; however, there was quite some discussion around that. There is a fair bit of administrative work that is actually involved with registering these accounts with the Supreme Court and adding them to our databases.

One of the bigger issues around that is that people tend to wait until they are – while a fine is due and payable as soon as you are convicted, unless otherwise time extended by a judge, people tend to wait until they register their vehicle or renew their vehicle licence or driver’s

licence with MRD. Depending on when the fine is imposed and the actual conviction, that could take a year or more before the individual – or five years in the event of an individual who does not have a car and just has a driver’s licence.

Registering a fine with the Judgement Enforcement Registry is a very serious action. It impacts on the individual’s credit rating and it could have significant repercussions for them in the event they were to go for a loan or something like that. With the lower dollar values, people just tend to wait.

Even dropping it from \$400 to \$300, we found a lot of people did not realize they had to pay the fine right away. They thought they could wait. These people now have this judgement showing on their credit rating, and it affects their ability to get loans and so on. It has a significant impact on them.

So that is one consideration, but the biggest consideration is the amount of administrative work that is involved with putting those files forward to the Supreme Court. It was felt that a \$300 cap was probably sufficient at this point in time, and we may reconsider it in the future but we had to just take our time in doing that reduction.

MR. MURPHY: That is understandable. Put your toe in the pool and check the water temperature first, I would say.

MS ENGLISH: It was very effective dropping it to \$300, but it did take a lot of work.

MR. MURPHY: Have you done an assessment as regards the effectiveness and how much that \$100 difference made on the overall receivables that is owed to the Province in fines?

MS ENGLISH: No, not at this particular point in time we have not. We only just initiated that in March. It has only been a few months, but we have noticed a significant number of those fines have actually been paid in full.

MR. MURPHY: Okay.

MS ENGLISH: It is hard to determine whether or not it is simply because the individual was due to pay it anyway or because it went to

judgment and it showed up on their credit rating and so on.

MR. MURPHY: Perhaps we can probably get an assessment from your department maybe next year, after one year, and see what those numbers will be like.

MS ENGLISH: We will certainly try to do that, yes.

MR. MURPHY: Okay. I want to thank you very much.

I cannot think of anything right now, so I will digress to another person on the Committee who might want to ask a few questions. I do not have anything else in mind.

CHAIR: It is coming up to 10:30 o'clock.

MR. MURPHY: Yes.

CHAIR: We usually take a break after an hour-and-a-half or so in and come back at 10:45 o'clock sharp. You might want to make a phone call or do whatever they want to do, so fifteen minutes.

I understand we have coffee in the Government Members' Caucus Room.

Recess

CHAIR: We are back in session.

Mr. Parsons, do you have questions?

MR. K. PARSONS: I just have a couple of questions based on what I am after hearing so far here this morning. I am just interested in one of the comments you made there. The fines that we issued last year, you said, were around \$11 million in fines, somewhere in that area. We are collecting the fines that are put out there, so they are pretty even is what we are saying?

MS ENGLISH: The number of fines assessed last year from all the issuing jurisdictions for 2013-2014 was \$11.6 million.

MR. K. PARSONS: Yes.

MS ENGLISH: We collected \$10.2 million. Some of that would have been current fines and some of that would have been older fines. There is a discrepancy between the two. We do not collect as much as are assessed.

MR. K. PARSONS: Okay.

I am just assuming that a lot of people are like me. Most times when I go in to pay my registration on my vehicle, I have a few extra little things there on my bill that I end up paying. It seems like, I would assume, that most people are like that when they do pay their fines.

MS ENGLISH: Yes.

MR. K. PARSONS: When you go in, it is a parking metre that you forgot to pay, the one that you got over to Churchill Square or whatever. I assume that is the way with most of the fines.

That changes now – with the registration, it is changed from each month; everybody registers at a different time. As long as it is consistent, I think it is a good thing. It shows that you are collecting a lot of the fines that are there. Do you know what I mean?

CHAIR: Ms Jacobs.

MS JACOBS: MRD is where we collect the significant portion of our fines. That is a fantastic tool.

MR. K. PARSONS: Yes, okay. That is my assumption on it.

I am looking, as we go back to 2008, and when it started – I am just reading what the Auditor General said. Every year it seems like 18 per cent. I am trying to understand why it has gone up by 18 per cent if the fines are going out and we are basically collecting what we should collect with what was issued that year? How does it go up by 18 per cent? How do we get the increase there?

MS JACOBS: Some of the increase has been due – as I think I alluded to earlier, the dollar value of a lot of the fines have increased in the last several years. In 2006, the Provincial Victim Fine Surcharge came into effect. This

levied 15 per cent on most provincial fines which is a significant increase as well. The dollar amount of tickets issued by the RCMP and RNC has increased. On top of that, since 2004 we have increased the size of the police force, both RNC and RCMP significantly; so obviously, there is more boots on the street giving out more tickets. That is some of the reason that there is an increase.

MR. K. PARSONS: We are still collecting what we are issuing basically, but it still seems like the value has increased in that area.

MS ENGLISH: Each and every year we collect, unfortunately, less than what is actually imposed. The \$10.2 million that we would have collected last year is not necessarily all new fines, of course –

MR. K. PARSONS: No, I understand that.

MS ENGLISH: It is a total dollar value that is collected and brought into the division within that one-year period. So, we do collect a lot of the newer fines and some of the older fines as well, but again it comes back to that average percentage of the individuals who do not pay their fines.

Part of that as well, you mentioned about renewing your vehicle licence or your vehicle registration at MRD every year. If you did not have a vehicle, you would only have to go to MRD every five years because of your driver's licence.

MR. K. PARSONS: Because of your licence renewal, yes.

MS ENGLISH: Sometimes if we have not sent a fine to judgement or whatever, then an individual may forget about it for five years until their driver's licence come up. Astonishingly, most people do believe that they do not have to pay their fine until they go to register their vehicle or renew their driver's licence. Those individuals, unfortunately, then have already been hit with a late payment penalty and have to pay extra.

MR. K. PARSONS: I guess you see a lot of people with, like I said, the smaller fines. If somebody had no insurance or a large fine like

that, but when you look at parking meters and stuff like that, people tend to do it that way and I understand that.

My whole point that I am trying to just figure out is the increase in the amount of money. It seems like to me that one year to the next it is more and more and more that we owe. I am wondering: Is there a mechanism you can see that we can have that we can reduce this? I am just looking at the stats here from 2008 to 2013 and they increase and increase and increase every year.

I am wondering: What can we do to that so it does not increase? I know there are individuals who owe their fines and some are not going to pay. What do we do to stop it? Because it is 18 per cent now since 2008 and next year it will probably be 22 per cent. Is there anything we can do?

MS JACOBS: Well, as we have said here today, we are going to pursue the Fines Option Program. We are going to pursue the RNC program, the pilot project with the RNC. I mean, it is increasing every year, but this is across Canada. Ontario has an outstanding balance of \$1 billion in fines. It is an issue that every province is struggling with.

We had a meeting here, Deputy Ministers of Justice, in June, and the deputy minister of the federal government indicated it is also an issue in Europe that they struggle with. So it is an international issue of trying to get people to pay fines. Once again, as we know, it is a small group of people who do not.

MR. K. PARSONS: A small group of people, yes.

As we said earlier, people just do not care and they will continue to do what they have to do. I guess it is frustrating for individuals who do struggle but do pay their fines, and then you have individuals out there who just do not care. I know it is hard to figure out right across the board what mechanism you can put in place, but again when hear the news in the morning and some individual was caught owing \$30,000 in fines you just shake your head and say: How does that happen?

I understand the position that you are in, and it is difficult. While we would like to say to that person: That is it, you are cut off from anything, and you do not get anything. We cannot do that. That is not the society we live in. Again, I am just thinking that there may be some way – and I believe, myself, that while individuals make an attempt to pay, the ones who do not, there should be some kind of public information to let everyone know that guy next door to me who is driving owes \$30,000 in fines.

It will be the same thing if the guy next door goes out in his vehicle, loaded drunk, and drives. I think I should have the right to be able to call an individual to be able say – I would like to see some kind of a thing, this is just myself, put in place that the general public would know that these individuals are out there and just do not care and are a safety risk to everybody out in the public. That is just a synopsis from me. I know it is difficult, and I know there are a lot of implications, that you cannot do it, but that is just the way I am.

Anyway, that is all I have for today.

CHAIR: Mr. Osborne.

MR. OSBORNE: Heather, you mentioned that in Ontario there are outstanding fines of approximately \$1 billion. What are the outstanding fines as of current in this Province now?

MS JACOBS: It is \$33.3 million.

MR. OSBORNE: Okay.

I would have to sit down and do the math, but based on population per capita, how do we place versus Ontario?

MS JACOBS: I am sorry; I have not done that analysis.

MR. OSBORNE: Okay.

Is there a reciprocal agreement between this Province and other provinces where if somebody who visits this Province and gets a parking ticket that they are not able to renew their registration or licence in their own province unless the ticket is paid in this Province?

MS JACOBS: No, there is no agreement at this moment.

MR. OSBORNE: Okay. Are there plans to pursue reciprocal agreements?

MS JACOBS: It is not an area that we have been looking at. That would be a Motor Vehicle, Service NL issue. So I do not know if that is an issue they are looking at.

MR. OSBORNE: Okay.

Again, with today's technology it would seem that would be a relatively easy thing to put in place. I know if the RNC stop a vehicle from another province they can find out literally in seconds who the registered owner of that vehicle is.

What do you see as the problems with fine collections in this Province?

MS ENGLISH: Some of the biggest issues we have with fine collection are – it is two-fold. On one hand we have the individuals who know we know where they are, but they do not have an ability to pay. They are not working, they are underemployed. They have low income. They just do not have any supports, and yes, it is an inability to pay. That is a challenge for those individuals.

Some of those individuals want to pay. We will work with them, including people in receipt of Income Support. We will work with them with low payments to assist them, particularly if there is any potential of them having employment or if they need a vehicle for any reason, such as medical or whatever. We will work with those individuals.

The biggest challenge we have is a group of individuals who we cannot locate. Those individuals have legitimately moved away or out of the Province, or whatever, or they are – we cannot find them. They do not want to be found. We get a cellphone number on them, they change it. We contact their relatives; their relatives do not know where they are, supposedly. They have not changed their address at MRD. We do credit checks on these people to see if they have any information on

their files there with respect to employment or bank accounts or whatever. It is a challenge.

We had one individual who owed us money. Through credit checks we found out where the individual worked. We did a wage attachment on him; he quit his job. Through that same credit search we found out where the individual had a bank account. We attached his bank account; he closed the account. When people do not want to be found they can be very hard to find. That is one of our biggest challenges with fine collection.

If an individual wants a driver's licence or wants to be able to pay, we will work with them, whatever it takes. Because any money is better than no money to (inaudible).

CHAIR: Mr. Paddon indicates he would like to respond in part to that question.

MR. PADDON: Mr. Osborne asked about per capita numbers there a second ago, so I did some quick back of the envelope calculation. If you look at \$33 million outstanding here in Newfoundland, that would be roughly about \$69 or \$63 per capita.

In Ontario, based on the \$1 billion, and they have 5.9 million people, that is about \$169 per capita. So they would be a little larger than us on a per capita basis.

MR. OSBORNE: Okay.

Just to reiterate a comment that I made earlier. I would strongly encourage the department to look at working with other departments (a) to track people down, and (b) to ensure that if somebody is owing a fine that they are not getting a licence or other benefits from other departments.

Again, a suggestion, or something pointed out by the Auditor General, having people do community service. If you look at somebody who is on social benefits, they owe fines, they are not able to renew their registration, therefore they are not able to get insurance. That creates a liability for innocent people in the general public because if that individual causes a motor vehicle accident, a hit and run, whatever the case may be, the onus is then upon the other individual to

use their insurance, or to come up with the money to fix the repairs, or if there is injury or loss of life. It goes far beyond just the collection of fines here. I think we need to do a better job of ensuring that these people are not on the road without insurance and so on.

What do you see as the solutions? What would you recommend in addition to what has come from members of the House here today and this session? What would you recommend as the solutions?

MS ENGLISH: I agree with the recommendations of the Auditor General and with the members here present today. We have given quite a bit of consideration to this problem. It is an issue for us. On a day-to-day basis it is an issue for us as we get people coming to our wicket and making comments and having problems with the people out there who have all these fines.

We welcome any suggestions that would come from anybody, and we will look into them and see. We are following up on the Fine Option Program and looking at how this is working across Canada and how it could potentially work here.

We are actively following up with our debtors; we are trying to collect monies. We will be following up on the issue of the big game licences and we will look at other issues like that. Anything that we can do to enhance our collection efforts we will try, and we will do our best with that. We do appreciate any suggestions you may have, but I do not have anything in particular that I would suggest that we could follow up, that we are not already doing.

MR. OSBORNE: Heather, I remember when I was in Justice there was some talk around the need for – and we did put additional collection staff in place at that particular time. Did that make a difference? Was it five collections?

MS JACOBS: Originally, I believe in 2003, there was only one collection officer.

MR. OSBORNE: I think the year that I was there we put five in place.

MS JACOBS: Yes, and then we added, I believe, six?

WITNESS: (Inaudible).

MS JACOBS: Yes. So we added two the next year, probably in 2004. After that we added five. In total, we had eight. Obviously, if you add collection officers, our collections do increase. Especially when you had one in 2003.

MR. OSBORNE: Okay.

Has the department compiled any statistics to show the correlation between the additional collection staff and what difference it made in terms of collections?

MS JACOBS: We would. I do not have it here today, but we would have historical data on what we were collecting in 2003, and then what we collected in 2004 and 2005.

I get a report every month from Virginia of what our collections are, from where, like from the wicket, from MRD. It would show the progression of collections each year.

MR. OSBORNE: All right. Are you able to supply that to Committee members at some point?

MS JACOBS: Yes, we will compile that information.

MR. OSBORNE: Okay. Thank you.

Those are my questions, Mr. Chair.

CHAIR: I think we will go to Mr. Peach.

MR. PEACH: Thank you, Mr. Chair.

I just had one question. With the federal government, if you are outstanding with taxes, for instance, somebody can make a request, if you are in a hardship situation, to be exempted. Do we have anything in place if somebody suddenly became ill and they owed \$15,000 or whatever to the Province? Do they have anything where they can write a letter to the minister asking to be exempted under a hardship case or something like that?

MS JACOBS: Are you talking, if we are pursuing under the CRA option, when we do the tax option?

MR. PEACH: Yes.

MS JACOBS: Once we go and we pursue the tax option, that is a federal government that would be collecting that money on our behalf and then remitting it to us.

MS ENGLISH: (Inaudible).

MR. PEACH: Before you start, I guess what I am referring to is both really. If you are working and you have outstanding fines and then all of a sudden you get ill and you are not working for a couple of years and the fines are still coming, the collection agency is still after you, is there some method there that somebody can write a letter saying that their circumstances have changed?

CHAIR: Mr. Peach, that would be more of a legal response, that the person could likely do an application to court. If a judge had imposed the fine, I do not think anybody would have the authority to be able to waive the fine, absent the judge making an order to reduce it. Generally, with the consent of the Crown attorney because –

MR. PEACH: Because of a judge ruling, I guess.

CHAIR: Yes, the ruling is there. It is possible that it could be deferred but whatever the judge would order, the judge would order under the circumstance. It is almost like a support enforcement situation whereby a person has a support order for whatever and then they need to change it. Support Enforcement cannot change it, but the person needs to get the judge, on the new circumstances, to change the order and then, whatever the new order is, it is enforced or not enforced in accordance with how the judge would be. Because to not collect what the judge had ordered would really interfere with the judiciary.

MR. PEACH: So there could be a process through the courts that you might have to –

CHAIR: I would think that if, for some reason – I do not know if would be done by way of appeal or if you would need to do it with the consultation with the Crown Attorney. It would not be easy to do. Generally what would happen is that fines do not attract interest and also fines do not go by bankruptcy. Even if you file bankruptcy, the fines still stay in place. Bankruptcy court has no jurisdiction in that respect and that is like fines under CRA, all different sorts of fines.

You can ask a judge for time to pay and you get relief on time to pay. You could be paying \$10 a month. It could be really nominal. So, there is that sort of latitude, but you would need to go back to where the fine was originally imposed, whatever level of court that was. It might not need to be the same judge, but you need to make a convincing argument to the judge that this should be changed for whatever the reasons. That would be the process you would need to pursue. You might even get help from Legal Aid if your financial circumstances were dire enough that you needed that kind of assistance, but it would have to be done at that level; I am fairly certain on that. I do not know if that helps or not.

MR. PEACH: Yes, it helped a little. I do not want to try to confuse the thing. Let's suppose that the husband, we will say, racked up \$15,000 fines and then somewhere down the road the husband is deceased. Are those fines then left to the wife to have to pay those fines, or is it just to the ones who are directed to pay?

MS ENGLISH: The fines are the responsibility of the individual. In that particular case, it would be the responsibility of the husband.

MR. PEACH: Okay. It would not carry over to her?

MS ENGLISH: However, we may consider then writing off those fines because the individual is deceased, but before we would do that we would approach the family and ask for restitution from the estate. We have received payments from the estates where the individual may have assets or whatever. After the individual passes away, we may receive monies from the estate. The fine still stays there and the

estate may cover it, but it does not then translate or transfer to the wife or spouse.

MR. PEACH: Okay, thanks.

MS ENGLISH: If I can just make a comment on what you said earlier with respect to the fines and individuals who may find themselves in a hardship case. As I mentioned before, we work with individuals daily who are unable to pay their fines in full. If an individual is employed, is making payments, and then has some challenges, medical issues and is unable to pay, if they contact our office we can still work with them.

If an individual has a payment arrangement in place, is making the payments that they are required, we can reduce the payments depending on their financial situation. That allows us then to issue a clearance letter to MRD to allow that individual to get their driver's licence, as long as they are complying with the terms of the payment arrangement. If they do not comply with the terms of the payment arrangement, based on what they tell us, we will suspend their licence.

MR. PEACH: Thanks.

I just have one other question, Mr. Chair. When you were talking earlier and answered some questions from some of the others, I was just thinking of the Health Sciences with the way that they have their parking over there now where you have to pay before you get out. Has that been really effective now in reducing the amount of fines in those areas as opposed to, say, companies or other parking areas where there is no system, you get a ticket if you are there too long or whatever? They changed their system. It seems like it is pretty efficient. Have you seen any difference there? What percentage?

MS ENGLISH: I really do not know the answer to that. I will comment that the Health Sciences Centre is considered a third-party issuing jurisdiction. We process and collect fines on their behalf for an administrative fee, but the revenue is returned to that company; it is not provincial fines. So, I really would have no reason to know the answer to that; I really do not.

MR. PEACH: Before this system came in place, if you did not pay your fine, wasn't that on your record or whatever?

MS ENGLISH: It still is on your record, but it is not provincial revenue.

MR. PEACH: Okay.

MS ENGLISH: When it comes into the Province, we then reimburse Eastern Health for the fines that are recovered. Similar to what we do with municipalities such as the City of St. John's. We collect and process their tickets and collect the fines on their behalf for a fee and then we reimburse the difference when the fine is paid. All of those fines are attached at MRD to the vehicle licence and driver's licence.

MR. PEACH: Thanks, Mr. Chair.

CHAIR: Mr. Murphy, I think.

MR. MURPHY: Unless it was Mr. Cross first, because I finished off before the break.

CHAIR: No, we alternate a government member and Opposition member.

MR. MURPHY: Okay, may the Lord be with you.

Thank you very much.

I do not have too much other than a couple of personal observances, if I may, and I feel that there is a lot here too that government could be doing.

I want to thank the Auditor General for looking into this because it is a bit of an eye opener with regard to the relationships that we have, particularly with other provinces and indeed other States. One need only look at the tourism industry to know the amount of drive-in traffic, for example, that we have or even the transportation industry with tractor trailer traffic, for example, that comes in here. We have a unique connection to our roads and that is probably where we get the most fines built up.

I had a couple of observances and I guess people here can comment, if they want to, just on these personal observations, but I feel that there are

government policy decisions that need to be made in the future if they are going to be dealing with some of these issues that the Auditor General has pointed out. I think we pointed the finger already to the cross-jurisdictional work, for example, when it comes to the matters of justice and the police department and the administration of fines for out-of-town vehicles, that more work can be done interprovincially in that regard.

Ontario has a big budget deficit problem right now that they are dealing with, but they still have \$1 billion in fines that they are dealing with. Here in the Province it is such a small amount that the Auditor General pointed out, per capita basis, but it is still a large amount when you are talking about, for example, the layoffs that we were dealing with, the two people we lost who were dealing in collections, and the \$600,000 revenue that we ended up losing at the same time. We ended up losing an extra \$600,000 that we could have had to pay for our Family Violence Intervention Court, for example.

When it comes to that I feel there should be more reciprocal arrangements made between provinces too when it comes to fines collection and administration, particularly when it comes to CRA, the Canada Revenue Agency. I think that more can be done through the Canada Revenue Agency. It so easy for governments to tax people, but it is not so easy for governments to have arrangements for the collection of fines and everything. I feel there is more work that the federal government can be doing here too in this regard to help out the provinces.

The final comment that I have, and I think I have already touched on it, is that the Province needs to hire more staff. It was wrong to cut this department on the simple basis of the collection of Fines Administration. There is an enormous caseload right now.

I will note that the Auditor General says that as of March 31, 2013, there were 8,648 counts totalling \$26.8 million registered with the Judgment Enforcement Registry; 1,100 accounts per person. That seems to be an awful workload in order to try to catch up to somebody. If you are talking about one-on-one personal contact, in some cases some of these collection officers – I

have an image too that they could be dealing with family issues, monetary issues, and survival issues.

As you were saying earlier, it is not just about preventing somebody from getting their moose licence. There is a social aspect too, to somebody getting a moose licence because it means putting food on the table. Some of these cases here that you are dealing with at the same time can become a very personal nature. In some cases these collection officers, like I said, are social workers, too. I would encourage government to rethink what they did as regards the layoffs here and perhaps entice government to hire more people in that regard. That is about all I have to say on that. I just wanted to reiterate those points.

When it comes to the insurance thing that is a very big picture. When it comes to the Fines Administration, I feel government should be looking there too as regards how insurance companies co-ordinate with Motor Vehicle Registration on the reporting of people who are fraudulently carrying the little pink certificate, for example, in their car that shows insurance.

People who are in default, for example, I think there should be better reporting mechanisms because we as consumers at the end of the day are going to be paying for that. I think there is a whole lot more government could be doing. That has been a subject in the news, well, we are hearing it every day in regard to that.

That is all I have to say, Mr. Chair, as regards to comments. I have no other questions.

CHAIR: Mr. Cross.

MR. CROSS: Okay, I just have a couple of very quick questions, and then maybe a concluding comment and a couple of little pieces to add in.

On page 116, item 4, where it says some of the incomplete information in these accounts, or unidentifiable. Are these still going to remain on the books if there is absolutely no way you can identify who owns the fine, these things? Does that still have to stay there as a statistic or as a –

CHAIR: What page are you referring to?

MR. CROSS: Okay. Page 116 in the report, and it was Summary of Findings. There are almost 55,000, or over 54,000 transactions and it is about \$1.5 million, but they are unidentifiable or incomplete information, which means we either do not have the name, they are from out of the Province, they are from wherever. If it is a total dead-end case, are they dropped as they – they are still showing up on the books as uncollected fines, and they have to stay there as uncollected fines.

MS ENGLISH: The best possible approach to those would probably be – if there is no way of getting that information, or if the information is incomplete – to remove them; however, before we can write off a provincial fine we do have to go through an administrative process, as directed by the Office of the Comptroller General, either through the deputy minister or through Treasury Board.

If we have fines on the books which are owned by third parties, such as the City of St. John's or whatever, then we would have to work with the city to determine whether or not they would want to write off the fines, because they are not our fines.

MR. CROSS: Okay. So there are some extra complications there.

MS ENGLISH: Yes, there would be a fair bit of administrative work. While it is something that should be done, I would feel that at this particular point in time it is not high on the list of priorities with respect to collections, but you are right, they do need to probably be addressed.

MR. CROSS: Okay.

The other question is along the lines of – I do not know which of you referred to it. You have a fee that you collect for these third party groups. Does that dollar figure show up on any of these reports here talking about the fines and fines collectible? In the sense of what you collect in total for these third parties, are they a part of that as well? Where does it distinguish that you are getting a fee, and how does that reduce?

MS ENGLISH: To the best of my knowledge, and I am sure the Auditor General will concur,

this review is only about provincial fines receivable.

MR. CROSS: Okay. All right.

MS ENGLISH: There is a difference with third party fines. We track those separately. The monies that we receive, the administrative fee that we receive from third party fines is reflected in the budget and in the Public Accounts of the Province as related revenue.

MR. CROSS: Okay, but not in this document or this report here, obviously.

MS ENGLISH: No.

MR. CROSS: Okay.

Just as a concluding comment, probably most of us feel the same way. It seems as if the current to what would be considered minor or moderate amounts of fines, people have a contentious approach to trying to balance these off when things are working well, and we are probably collecting most of that. It is the chronic and long-term abusive cases that have a lot of other complicated factors built into them are the ones that are very difficult to collect on.

In lots of cases we know pretty well it is almost impossible to collect on them. We can almost put them in an impossible category, but hopefully some day we are there. It creates for difficult bookkeeping and whatever when you go and see all these statistics and things that can play out. I just wish or think, it would be nicer to see more defined, and I mentioned it the last time, the first time I spoke, the fact that you could look at one of the statistics and ask a question about it, not necessarily sure in your own mind which way it fits.

Maybe if there was some way out of this – there is probably no way to have a very definite set of figures whereby you can look at every distinct little category. You would probably need fifteen more clerks hired to get to that point, and we all know what happens there. It is a matter that we hope and we see that we are on a right track movement here and it is not a case of just letting things go and declaring they are impossible and forget about them, but we are continuing on.

As we plug on, hopefully the attitude of the chronic abusers will not be taken by those who owe \$200, \$300 or \$400 tickets and say: Somebody else owes \$20,000. I am not paying that.

Let's just hope to go from there. Hopefully the next report from the Auditor General will show that improvement is there or whatever.

I appreciate your candid answers to the questions we have had on behalf of (inaudible). In case it is not said, thank you very much.

CHAIR: Mr. Osborne.

MR. OSBORNE: I have one final question. I know with Employment Insurance, for example, and social services, there is a connection where if somebody is receiving one benefit and it overlaps with another, they have the ability to claw back, similar with GST returns. My office gets calls from constituents who their GST return has been clawed back because they owed one agency of government money and government clawed back the GST return. Has Fines Administration clawed back or gone after GST returns for example?

MS ENGLISH: Yes, we have. Under the federal Refund Set-Off Program, we have the ability to send information to the Canada Revenue Agency. We do not have social insurance numbers, but if they can match an individual by name then they will intercept their income tax returns and their GST refunds.

I would note that the Canada Revenue Agency has a low-income threshold. For an individual or a family below certain income levels, they will not intercept GST refunds. We have done that and it has been a very effective tool with respect to collection of funds. We generally collect over \$1 million each year through that tool.

MR. OSBORNE: Okay. Thank you.

MS JACOBS: I cannot remember what year it was. Was it 2008 that we did the federal set-off program with CRA? Or maybe it was 2009, and I think the first year we only collected \$4,000. Since that time, we have been collecting \$1 million almost every year starting, say, in 2010.

That is one thing – when we give you the document of our collections per year, you need to keep that in mind that it is not only, say, the increase in collection officers who do the bottom line; it is also other options that we are doing increase it, like we did the federal government set-off, or we were just more successful that year for other reasons.

You need to keep in mind that with the bottom line numbers, there is more into it than just the collection officers. There may be other programs that we are doing. We reduced the judgment enforcement down to \$400. Now we have reduced it down to \$300, which adds to our bottom line. It is not always introducing more collection officers that help the bottom line of collections.

MR. OSBORNE: Heather, when you get the information I had asked for earlier, if you could provide as well to the Committee members, if you take out the money collected through Motor Vehicle Registration and you take out the money collected through the provincial-federal offset, what the collection officers actually collect, what they are responsible for collecting on average per collection officer. That information would be quite helpful.

MS ENGLISH: We can certainly provide you with the information with respect to monies collected at MRD or other; however, you need to consider as well that monies collected at MRD is not just voluntary payments that are made there. Sometimes an individual will enter into a payment arrangement with us based on the hard work of a financial collection officer in reaching that person, getting their financial information, getting a down payment made, and entering into a payment arrangement.

At that point, once we are satisfied with that individual, we will allow them to go to MRD and renew their driver's licence. They may make their payment at MRD; they may be making other payments. So while it does not appear that the financial collection officer may necessarily impact on monies received at MRD, there is a relationship there. So, I can provide the information; I cannot identify specifically which money was collected by MRD, but I do not know if it would necessarily be fair to say

that the financial collection officer did not have any impact on that.

MR. OSBORNE: Okay.

That is it, Mr. Chair.

CHAIR: I have a few questions, and actually I would like to take up with the last answer you provided. I understand that if a person goes to Motor Vehicle Registration, the MRD, they want to go get their licence, and they owe a pile of money in fines and Motor Vehicle says, too bad, you have to pay up all these fines, and the person actually has the option of coming back to you and make the deal with you. They pay so much down now, a half or a third, and enter into a payment plan, and then you will okay it so they can drive, as long as they stay in good standing. It works like that, right?

MS ENGLISH: Yes.

CHAIR: Do they generally follow through when they have been sort of hooked once by Motor Vehicle and now they realize they have to pay those fines but they cannot pay it all? Do they generally follow through month by month and year by year and actually pay up their fines?

MS ENGLISH: A fair number of people do. They enter into these agreements in good faith, and as long as they keep in touch with us, if their circumstances change, we can moderate the amount of moneys or whatever; however, a number of people do not follow through.

One of the aspects of the payment arrangement – it is written clearly on it and on the copy that the individual receives – is that failure to follow through with a payment arrangement will result in suspension of their licence, and we will not enter into another agreement with them, that the only option after that is payment in full. Despite that, some individuals still do not follow through with the payment arrangements, and we will suspend their licence. We will issue a clearance letter to allow them to get their licence, and then if they do not follow through we will ask MRD to suspend their licence.

CHAIR: Okay.

One of the areas that you commented on earlier this morning was the way that we penalize uninsured drivers. It could be unlicensed and uninsured and there is a fine at first, then there is another fine, and there is another fine. What is the minimum fine, do you know, or is there a minimum fine on driving with no insurance?

MS ENGLISH: The minimum fine for driving with no insurance is \$2,300. That is a \$2,000 base fine, plus \$300 provincial victim fine surcharge.

CHAIR: The person might say: Well, the insurance is going to cost me \$3,000, why don't I just take a chance and drive with no insurance anyway. If they get picked up and do not bother to pay the fine, then you have a delinquent bad driver on the road that did not pay the fine and did not pay the insurance.

MS ENGLISH: That is, in fact, quite possible.

CHAIR: Do you have many of these who are repeat offenders – one, two, three, four – and the fine is just going up and the balance keeps going up?

MS ENGLISH: Yes, we do have quite a number. Most of the high dollar balances that you may hear about in the media, most of those have a number of no insurance.

CHAIR: Can you think of any reason why if on a second offence for driving without insurance it should be no fine and just get jail time, like you get for driving impaired, the second time you are caught, fourteen days minimum?

MS ENGLISH: The responsibility of my division, unfortunately, is simply to process and collect just the fines, so I would not have comment on that one.

CHAIR: Okay, but we have no incarceration if somebody just keeps on doing it. If we were to beef up the Highway Traffic Act and we are committed in this Province, let us say, you are not going to have unlicensed, uninsured drivers on the highways, period. You get one with a fine –

MS JACOBS: Some of these individuals who have been driving without insurance have done

jail time. So I do not want to leave the impression that these people have not gone to jail.

CHAIR: Not for driving without insurance, or for other things?

MS JACOBS: I believe for driving without insurance, yes.

CHAIR: Okay.

If we had reciprocity with other jurisdictions, let us say we have a lot of people from this Province who are living in or working in Alberta and Ontario specifically, and some come back here, presumably they have their fines back there and they are back home now – if we had reciprocity with those provinces whereby we said to Alberta and maybe Ontario, or any province, if you collect ours, we will collect yours; would you be able to handle that? If someone showed up here to get registered, could you automatically by e-mail or whatever ask the Alberta motor vehicle division to give us a clearance of this person because they are here looking for a licence? Could you do that if you had the systems in place?

MS ENGLISH: I am not 100 per cent sure if we would be able to handle that, even if we had additional resources, additional space and so on.

One of the biggest issues we would have are the differences between us and other provinces, not only with respect to the imposition of fines, the collection of fines, and different MRDs. I think the biggest issue would be a communication thing. We have not given any consideration to that so I would have no idea of the pros or cons, or whether or not that would be financially feasible, or if it would work in our best interest to do that.

Other provinces may have larger fines receivable, or they may have lower amounts. I know PEI, for example, has lower balances. They only have I believe a small collections unit. They collect \$125,000 a year with PEI. I do not know where the cost benefit would necessarily be with other provinces and if it would work for us.

CHAIR: I think you said earlier that, if somebody is caught driving with an uninsured vehicle, the vehicle is confiscated and destroyed?

MS ENGLISH: Yes, that has happened. In some cases an individual – or it appears to be, quite frequently an individual will be driving a relatively cheap car, sometimes referred to as a junker, I suppose. The individual is picked up; the car is impounded. The cost of retrieving the car from impound may be a detriment. They do not go back and collect the car. If the car stays there, then it will be destroyed. It does not go back to recovery.

CHAIR: Are they worth selling, to put them on auction, recover the money, and put it against the fine?

MS ENGLISH: I really could not answer that question.

CHAIR: Is there any cross-departmental system in place right now from all government departments? If somebody is engaged with government where they are looking for anything, not just moose licences but anything, Crown lands, whatever. You show up at the Government of the Province of Newfoundland and Labrador and your name goes in the system, it comes back up and says you owe fines or you owe whatever. Do we have that sort of a system in place?

MS ENGLISH: No, not to the best of my knowledge.

CHAIR: You indicated earlier in response to a question from Mr. Peach that was related to estates if somebody died. Actually, I was relieved to hear that you collect some from some estates, because otherwise the person can have tens of thousands of dollars in fines, leave valuable assets to someone else, and really beat the system.

Is there any sort of a system in place whereby if somebody applies for letters of administration to administer an estate that before it is issued they have to go through a whole procedure in any event, who could be a beneficiary and who could be a whatever, they would need to get a clearance from you before you would issue

letters of administration, or if there is something owed it would be an attachment on that estate before it could be settled?

MS ENGLISH: I am not familiar with the letter of administration, I cannot respond to that.

With respect to the estate, generally what happens, we have a judgement against that individual. It is a lien on any assets they may have. If the person dies in the estate, they wish to dissolve the estate and distribute the funds, they have to address the lien or the debt that is owing and showing in Judgement Enforcement.

CHAIR: Do you do a judgement in debtor examinations? Like you can do a judgement in debtor examinations. If someone owes you money you can – because it is a court order. They get served a summons. They get to show up, and if they do not show up then you can issue a warrant for their failure to appear; not because they owe money but because they failed to appear. Then they get to show up, and you indicate at getting the RNC to find maybe a bunch of people, a dozen or whatever number.

Do you routinely have your staff serve process on people and say: Here is your summons, you owe \$1,000, \$2,500, and they have to show up in court and show they cannot pay it? Do you do judgement debtor examinations on a regular basis?

MS ENGLISH: We have done debtor examinations within the division. Challenges with that of course are similar to ones that we have had before, really finding the individual. If we are already communicating with the person and we can get financial information from them, then we are happy with that. Debtor examinations would be most effective with an individual who is refusing to provide us with any information, generally in that case one of the challenges is finding the individual.

With the debtor examinations that have been done in the past, we have managed to find the individuals, have them served, and they have come in and presented information. However, our experience has been, with a lot of the debtor examinations we have done, it is more of a mechanism for us to identify that that person does not have any assets or income or ability. It

does not necessarily assist us with the collection of fines, or it has not, the ones we have done, but it certainly does assist us with determining whether or not a person has any ability to pay and whether or not we should proceed with write off, or request for write off. So, yes, we have done debtor examinations.

We are hoping, as we move forward and finalize the details with this particular new process that we are considering, that it will help us find people to then get more information from them.

CHAIR: In some jurisdictions when vehicles are found to be registered to somebody who is in default of something, fines or warrants or whatever, the police can order up the boot. They can order up the mechanism that attaches to the wheel of the vehicle. Police do not want to wait around for a day; the person might never show up. You can just make the call and put the boot on the vehicle. It cannot move until they show up. Do we have anything like that in place?

MS JACOBS: Not to my knowledge. We do not have anything in place like that.

CHAIR: I do not have any more questions, but I may have caused the members to have some questions. Generally, we like to defer to the Auditor General and his staff before we conclude. We are getting near the end.

MR. PEACH: (Inaudible) that is actually totalling \$1.5 million, unidentifiable? You mentioned there about the third party, that you were collecting from a third party, does that \$1.5 million reflect on just the Province's amount or are the third parties included in that \$1.5 million?

MS JACOBS: I will defer that one to the Auditor General's staff because that is their number.

MR. PADDON: No, it is not included.

MR. PEACH: Pardon?

WITNESS: It is not enclosed.

MR. PADDON: No.

MR. PEACH: That is just the Province's portion.

Okay, thanks.

CHAIR: Mr. Paddon, usually we like to ask if you or your staff have any questions or observations, or things we missed.

MR. PADDON: No, I think the questioning has been fairly comprehensive. A couple of the comments that I interjected earlier, particularly around staffing levels, was something I wanted to ensure was raised. I think it has been satisfactorily raised here.

Just an overall comment, I think I mentioned it before, this is a tough area. The areas that get the attention are the smaller number of accounts but generate a lot of discussion. You almost, to a certain extent, need to put that aside because it is difficult to deal with in and of itself.

On regular accounts we see, just based on observation, positive changes and a commitment to examining different ways of doing things. I would note, I think it is fair to say that Virginia is relatively new in this position and I think reflects a change in leadership in the area, and that would appear to be a positive move as well.

I am fairly optimistic that as we move forward we will probably see some change. Whether it is going to be lightning speed in terms of bringing the overall volume down that remains to be seen because it is a tough issue, but I think we will see some movement in the right direction.

CHAIR: Before we conclude, I would like to ask the witnesses, Ms Jacobs or Ms English, if you have any other comments, observations, or anything that you want to add?

MR. K. PARSONS: On behalf of the Committee, I would like to thank you guys for coming here this morning. I know sometimes this is a little bit difficult, not being sure what type of questions you are going to be asked. In a lot of cases we have some people come by, but I have to say, you guys were very upfront and forward with your answers this morning, and on behalf of the committee we really appreciate it.

Thank you very much.

CHAIR: Thank you.

We are adjourned until 2:00 o'clock.

On motion, the Committee adjourned until 2:00
p.m.