

# Staff Report



Financial Services Department

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**REPORT TO:** Finance and Corporate Services Committee

**DATE OF MEETING:** June 16, 2025

**SUBMITTED BY:** Saleh Saleh, Director, Revenue Division, 519-904-6308

**PREPARED BY:** Saleh Saleh, Director, Revenue Division, 519-904-6308

**WARD(S) INVOLVED:** ALL

**DATE OF REPORT:** May 14, 2025

**REPORT NO.:** FIN-2025-274

**SUBJECT:** Fee For Paper Billing

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## RECOMMENDATION:

**That staff be directed to enhance the City's e-billing promotion efforts (Option #3) through targeted marketing campaigns to further increase the adoption of paperless billing.**

## REPORT HIGHLIGHTS:

- The purpose of this report is to provide Council with options to reduce postage costs related to paper billing and promote the City's e-billing platform.
- Postage and paper costs continue to rise requiring the City to explore options to reduce or eliminate paper billing.
- The City of Kitchener has one of the highest e-billing adoption rates at approximately 50% of customers enrolled, when compared to other municipalities around the Province.
- This report supports the delivery of core services.

## BACKGROUND:

As postage and paper costs continue to rise, the City of Kitchener is committed to exploring ways to mitigate the increased costs. This includes exploring strategies to further encourage the use of electronic bill presentment and considering the implementation of a user fee for receiving paper bills. On January 20, 2025, Council passed the following motion related to the delivery of paper bills:

*"WHEREAS the City of Kitchener acknowledges the importance of environmental sustainability, cost efficiency, and promoting advancement in technology in its operations, and;*

*WHEREAS approximately 50% of the City's residents are currently enrolled in the City's e-billing platform for property tax and utility billing, and;*

*WHEREAS Canada Post has notified the City that postage charges will increase by 25% starting in 2025, which will result in a significant cost increase for both property tax and utility customers, and;*

*WHEREAS enrollment on e-billing offers numerous benefits such as reducing paper waste, lowering costs, and providing customers with a faster, more secure and more convenient access to their bills, and;*

*THEREFORE BE IT RESOLVED that the City of Kitchener staff consider the feasibility of grandfathering existing customers who are currently not enrolled on e-billing and provide options for council to consider for any new customers who sign up for services with the City, and report back to the Finance and Corporate Services committee in the second quarter of 2025.”*

This report provides information and options for consideration as it related to reducing postage and paper costs.

## **REPORT:**

### Current Situation

Canada Post previously announced that postage costs will increase by 25% in 2025. In 2024 the City spent approximately \$1M in postage. A large percentage (80%) of the postage budget relates to costs of mailing out property tax and utility bills. Other paper invoices (20%) that are mailed out include, collection letters, miscellaneous accounts receivable invoices and other letters or notices across the organization to customers.

Approximately 50% of our customers and residents have enrolled on e-billing for their utility and property tax accounts.

On average the cost to mail out one paper bill is equal to approximately \$1.50 which includes postage, an inserting fee and paper. It is expected that this fee will continue to rise as the price of commodities and inflation increases.

Staff have also continued to leverage the City's e-billing solution by encouraging customers to enroll on e-billing and have investigated other options to deliver invoices through e-billing such as:

- Mailing of Accounts Receivable invoices to customers who provide an e-mail address.
- Promoting e-billing through social media channels including the City's website.
- Monthly contests with prizes through Kitchener Utilities.
- Communication through in-person and telephone interactions.
- Inserts in utility and property tax bills.

### Current Legislation

The Municipal Act, 2001 (Act), provides guidance to municipalities on methods of delivery specific to property tax bills. There are a few relevant sections of the Act which relates to mailing out of property tax bills:

- Section 343 (1) of the Act requires the Treasurer to send a tax bill to every taxpayer at least 21 days before any taxes shown on the bill are due.
- Section 343 (6) requires the Treasurer to send a tax bill to the taxpayer's residence or place of business or to the premises in respect of which the taxes are payable.
- Section 343 (6.1) allows the Treasurer to send a tax bill to the taxpayer electronically if the taxpayer has chosen to receive the tax bill in that manner.
- Section 343(7) requires that where a taxpayer directs the treasurer in writing to send the taxpayer's tax bill by registered mail, the treasurer shall comply with the direction and shall add the cost of the registration to the tax roll and the amount shall be deemed to be part of the taxes for which the tax bill was sent.

The legislation is not clear on whether municipalities may charge a fee for providing a paper tax bill. However, it's clear that under section 343 (1) the Treasurer has an obligation to provide a tax bill to every taxpayer, and under section 343 (6.1) taxpayers cannot be forced to receive their bills electronically.

Staff have reviewed the legislation and are of the opinion that there are requirements outlined in the Act which require a Treasurer of a municipality to present a bill to a ratepayer. However, there is no explicit language in the Act which either authorizes or prohibits charging a fee for the delivery of a paper bill except for section 343(7) above which speaks to the cost associated with registered mail.

The Act does not include any specific language related to fees for delivery of paper utility bills. The Ontario Energy Board (OEB) serves as the provincial regulator for gas and electricity utilities in Ontario. In 2020, the OEB ruled that Enbridge could not charge customers for paper bills or automatically enroll them in electronic billing when opening a new account. The Kitchener utility bill includes charges for gas, water, sewer, stormwater, and rental water heaters. While Kitchener Utilities is not directly rate-regulated by the OEB, it adheres to the Board's decisions. As a result, if the City were to introduce a fee for paper utility bills, it would likely not be consistent with the OEB decision. Currently, Enbridge promotes e-billing and does not charge a fee for paper bills.

### Survey of Other Municipalities

A survey of other municipalities indicated that currently only two; the City of Quinte West and Sioux Lookout, charge a fee for mailing of paper property tax and utility bills. The Township of Wilmot through their 2025 Budget process also approved the implementation of a fee for the mailing of paper bills.

A survey was also conducted with municipalities to understand whether customers are enrolling on e-billing or changing their preferences as it relates to paper billing. The results of the survey are shown in the next table:

Municipality	% of Customers enrolled on e-billing (TAX)	% of Customers enrolled on e-billing (UTILITY)	Fee Charged for Paper Bills (Yes/No)
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City of Markham	33%	45%	No
City of Mississauga	20%	N/A	No
City of Waterloo	26%	40%	No
City of Cambridge	7%	34%	No
<b>City of Kitchener</b>	<b>49%</b>	<b>49%</b>	<b>No</b>
City of Guelph	4%	N/A	No
City of Hamilton	7%	N/A	No
City of Toronto	10%	12%	No
City of London	0%	N/A	No
City of Ottawa	46%	49%	No

The survey results demonstrate that the majority of municipalities do not currently charge a fee for mailing paper property tax and utility bills. Furthermore, e-billing adoption rates for the City of Kitchener are the highest when compared to other municipalities.

#### Other considerations

As the City explores implementing a paper billing fee for new utility customers, it is important to evaluate the policy to ensure fair and accessible service delivery for all residents.

While encouraging digital billing aligns with the City's environmental and fiscal goals, the City must recognize and address potential barriers that could disproportionately impact specific communities.

There are a few considerations for Council to be aware of as it relates to these factors:

- **Digital Access and Affordability-** Low-income households and seniors for example may not have regular access to computers or smartphones, affordable internet or may not have the digital literacy or comfort with online systems. A fee for paper bills could unintentionally penalize customers who are unable to transition to e-billing due to systemic barriers.
- **Seniors and Technological Comfort-** Older adults may be less comfortable navigating digital billing platforms or may prefer the familiarity of paper bills as a method of account management. Charging a fee for paper bills to this demographic may be viewed as exclusionary or insensitive to aging populations.
- **Customers with Disabilities-** Although the City's e-billing platform meets the requirements of the Accessibility for Ontarians with Disabilities Act, customers with cognitive, visual, or other impairments may still face challenges in using digital billing platforms.
- **Newcomers to Canada-** Customers who are new to Canada and speak English as a second language may also be impacted if they cannot afford the costs of paper bills and may also have difficulty navigating an online system which is in English.

Any proposed approach to implementing a paper billing fee must be developed with careful

attention to the equity and accessibility concerns outlined above. It is crucial that the City consider these factors to avoid creating unintended hardship for residents.

Options

It is expected that increased postage costs and the threat of postal service disruptions will continue to be a factor due to inflation and labour uncertainty. Staff have developed three options for Council’s consideration.

Option #1: Charge \$2 for Every Paper Bill to Be Mailed Out

This option considers charging customers \$2 for every paper bill that is mailed out. By introducing a direct cost to customers who choose to continue receiving paper bills, the City can reduce its operating expenses while encouraging greater adoption of the free, more efficient e-billing platform.

Advantages of this option includes recovery of postage charges, additional revenue for the utility base and a benefit to the environment. It would likely also accelerate the transition to digital billing, which not only lowers operational costs over time but also supports the City’s environmental sustainability goals by reducing paper consumption and greenhouse gas emissions associated with mail delivery.

A major disadvantage of this option is the increased cost to the customer for receiving a paper bill and especially on customers who prefer to rely on paper billing such as seniors, residents without regular internet access, or those unfamiliar with online billing systems. This fee will not be consisted with previous OEB decisions related to a fee for paper billing. Further, the Act may also limit the ability of the City to charge a fee on property tax bills.

Staff are aware of the following municipalities who are charging for paper bills or are moving towards charging a fee to deliver a paper bill to their customers:

Municipality	Fee per bill	Property Tax and Utilities	Population (Approx)
City of Quinte West	\$1.50	Utility Bills only	50,000
Sioux Lookout	\$3.00	Property Tax and Utility Bills	6,000
Township of Wilmot	\$2.50	Approved during the 2025 Budget deliberations	22,000

Note: These municipalities apply the fee exclusively to water utility bills, as they do not offer gas services and are not subject to OEB rulings.

**Conclusion: Introducing a \$2 fee for each mailed paper bill presents a practical way for the City to recover increasing postage and other costs, while also promoting broader adoption of the City’s e-billing service. This approach supports environmental objectives and long-term operational efficiency by reducing reliance on paper-based communication.**

***However, while financially and environmentally beneficial, this option may disproportionately impact vulnerable populations; particularly seniors, low-income residents, and those with limited digital access or literacy. To ensure fairness and accessibility, any implementation of this fee should be accompanied by a well-defined exemption process for those facing systemic or financial barriers.***

***The authority for the City to impose a fee for paper billing is uncertain. Additionally, charging a fee for paper utility bills is not aligned with the OEB's previous decisions on this matter.***

Option #2: Grandfather existing customers on paper billing and charge new customers a fee for paper bills starting on January 1, 2026

Under this option, all current customers who receive paper bills would be “grandfathered in,” meaning they could continue receiving paper statements without incurring any additional fees. However, beginning January 1, 2026, any new customers establishing utility accounts or existing customers changing account ownership or creating new service addresses, would be required to pay a monthly fee if they choose to receive a paper bill rather than opting into e-billing.

The paper billing fee would be designed to cover the actual costs of printing, mailing, and processing paper bills, and would serve both as a cost recovery mechanism and a financial incentive for customers to choose digital billing. This approach also aligns with the City's environmental goals by promoting reduced paper consumption and lower carbon emissions. Over time, as new customers opt for e-billing or accept the paper fee, the number of paper bill recipients is expected to decline, resulting in long-term cost savings and improved operational efficiency. One potential drawback of this approach is that it does not directly incentivize current paper bill users to switch to digital billing, which may slow the pace of overall e-billing adoption. It also requires changes to the billing system to track account status and apply the fee accurately. This fee will not be consistent with previous OEB decisions related to a fee for paper billing. The Act may also limit the ability of the City to charge a fee on property tax bills.

Should Council choose to proceed with this option, a clearly defined exemption policy would be necessary to address barriers related to equity and accessibility, ensuring customers with financial hardship, limited digital access, or accessibility needs are not unfairly impacted.

***Conclusion: Over time, as more customers enroll in e-billing, the City will benefit from reduced mailing costs, lower carbon emissions, and improved service delivery. Additionally, this approach acknowledges the needs of current residents, avoiding abrupt changes that could cause customer dissatisfaction.***

***The authority for the City to impose a fee for paper billing is uncertain. Additionally, charging a fee for paper utility bills is not aligned with the OEB's previous decisions on this matter.***

Option #3: Enhance Promotion of E-Billing Through Targeted Marketing Campaigns

This option involves a more robust and sustained effort to promote the City's e-billing program by implementing strategic marketing initiatives. These initiatives would include redesigned bill inserts, dedicated social media outreach, email campaigns, and increased engagement with customers about the benefits of e-billing; both during in-person interactions at service counters and on the phone. The marketing campaign would emphasize the core benefits of e-billing:

- Convenience – 24/7 access to billing information from any device
- Security – Reduced risk of mail theft or lost bills
- Environmental sustainability – Lower paper usage and carbon footprint
- Efficiency – Faster bill delivery and easier account management

The primary benefits of this approach include a reduction in postage and paper costs, improved operational efficiency, and enhanced customer satisfaction through digital self-service options. Leveraging the City's existing e-billing infrastructure also ensures that the transition can be supported without major system overhauls.

A key challenge with this option is the gradual nature of customer adoption. As the City already has a relatively high percentage of residents enrolled in e-billing compared to other municipalities, further growth may be incremental. Further, the continued rise in postage costs poses a financial pressure which will result in higher property tax and utility rate increases.

***Conclusion: A proactive marketing campaign to promote e-billing offers a cost-effective path to long-term savings and sustainability. While growth in adoption may be gradual, the cumulative benefits; financial, operational, and environmental, make this an essential strategy for modernizing the City's customer service approach.***

***This option aligns with past OEB decisions on paper billing fees and does not appear to conflict with any provisions of the Act applicable to the City.***

### Recommendation

Staff recommend proceeding with **Option #3: Enhanced Promotion of E-Billing Through Targeted Marketing Campaigns**. This option offers a balanced approach that aligns with the City's environmental sustainability goals and long-term cost containment strategy while remaining sensitive to the diverse needs of residents. Unlike the other options, this approach avoids creating new financial barriers for vulnerable or equity-deserving groups, such as low-income residents, seniors, newcomers, and individuals with disabilities.

To maximize the impact of **Option #3**, staff will develop and launch a multi-channel communications strategy. Examples include:

- Offering incentives such as contests or bill credits to encourage participation
- Inserts in utility and property tax bills
- Targeted social media ads and video content
- Outreach via local community groups, senior centres, and newcomer organizations
- In-person and telephone support for residents needing help enrolling in e-billing
- Possible translation of promotional and instructional materials into commonly spoken languages in the City

**Option #3** is the most inclusive, fiscally responsible, and environmentally sustainable option currently. It supports the City's goal of increasing e-billing adoption while ensuring no resident is unfairly penalized for circumstances beyond their control. A strengthened marketing campaign,

combined with monitoring and future flexibility, positions the City to modernize service delivery thoughtfully and equitably.

The recommended **Option #3** aligns with the OEB's past decision related to not charging a fee for a paper bill and does not appear to conflict with any provisions of the Act regarding the Treasurer's responsibility for issuing a bill to a ratepayer.

#### **STRATEGIC PLAN ALIGNMENT:**

This report supports the delivery of core services.

#### **FINANCIAL IMPLICATIONS:**

Capital Budget – The recommendation has no impact on the Capital Budget.

Operating Budget – The recommendation has minimal impact on the Operating Budget. Any expenditures related to the promotion of e-billing will be recovered through decreased postage and other costs.

#### **COMMUNITY ENGAGEMENT:**

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

Community engagement also included outreach to peer municipalities, review of customer behaviors, and an internal analysis through an equity and accessibility lens.

#### **PREVIOUS REPORTS/AUTHORITIES:**

There are no previous reports/authorities related to this matter.

- FCS-14-095- Postage Rate Increase
- Municipal Act, 2001
- Ontario Energy Board

**APPROVED BY:** Jonathan Lautenbach, CFO, General Manager of Financial Services

**ATTACHMENTS:** None