July 1st, 2017 Regs + KMs

Finance

Issue: Changes to the spirits mark up at the LCBO

- Let's be clear. This is not a new tax.
- We have replaced an old LCBO commission system and moved to a tax structure which will in turn increase the profit margins of craft distilleries for their on-site sales.
- A distiller's revenue from a $39.95 bottle will increase from 39% to about 45%.
- These changes respond to distillers' requests.
- They asked to treat spirit on-site sales in a similar way to wineries and breweries' on-site sales– which is exactly what we've done.

Energy

Issue: Electricity bills to include messaging related to the Fair Hydro Plan and its impact on invoices

FYI – we're also launching FHP ads on TV, radio and online after July 1st. Likely to attract further opposition attention as well.

KMs

- Our government has a responsibility to raise awareness and communicate information about programs and services that affect our daily lives.
- This includes informing Ontarians of changes to their electricity bills so that they can use this information to plan for the future as they manage their household budgets.
- The government is communicating these changes over a variety of channels, including working with our partner utilities to deliver information directly to customers.
- Utilities regularly include informational inserts and on-bill messaging to keep customers informed on a variety of topics – program updates and application information, changes to rates, and so on
    - We are simply following this practice to keep customers informed.
- In the case of the Fair Hydro Plan, information to help customers will be particularly important, since there will be a number of changes from previous bills:
    - An 8% rebate;
    - Reduced electricity costs;
    - Reduced regulatory charges;
    - Reduced delivery charges (for some customers);
    - Enhancements to programs available.

- Some of the relief available to customers actually requires that they apply, meaning that informing customers is doubly important.
  - This includes the OESP and the Affordability Fund
- It is important that customers understand these changes, so that they can understand their bills.

MOECC

ISSUE: Amendments to the Waste Diversion Transition Act will support closure of the Use Tires Program and the Ontario Tire Stewardship (OTS). OTS is required to submit a wind-up plan by October 31st and questions have been raised about the organization's current surplus.

KMs

- We have taken steps to change the way waste is handled in Ontario
- Thanks to the Waste-Free Ontario Act, producers are now fully responsible for the recovery and reduction of waste associated with their products and packaging
- This legislation will also eliminate industry funded organizations, like the Ontario Tire Stewardship, and producers will no longer be required to pay eco fees
- This new framework gives producers a choice on how to manage their waste and the costs associated with that.
- It is important to highlight that the Ontario Tire Stewardship is an independent organization that worked with Waste Diversion Ontario (WDO) to develop the used tires program
- To be clear, it is not a government agency and has no direct reporting relationship with MOECC
- Thanks to the passage of the Waste-Free Ontario Act industry funded organizations like the Ontario Tire Stewardship will be eliminated

If pressed on misuse of funds…

- Upon learning of allegations about an inappropriate use of funds, the matter was referred to the ministry's Investigations and Enforcement Branch for investigation
- On November 8, 2016, charges were laid that relate to diverting money and failing to pay into the fund established by Ontario Tire Stewardship (OTS)
- OTS is not a government agency and has no direct reporting relationship with MOECC
- Thanks to the passage of the Waste-Free Ontario Act industry funded organizations like the Ontario Tire Stewardship will be eliminated

Labour / TBS

Issue: Amendments to the Crown Employees Collective Bargaining Act changing the composition of the Grievance Settlement Board

KMs

- The Grievance Settlement Board (GSB) is a provincial agency responsible resolving grievances between the government and its unionized employees.
- Over the past few years, the GSB has increasingly faced difficulties in attracting and retaining mediator-arbitrators to resolve employee grievances due to uncompetitive rates of compensation.
- Currently, GSB mediator-arbitrators earn $716 per hearing day which is well below the private sector average of $3,500 to $4,200 per day. This has resulted in:
  - Delays in scheduling and resolving grievances, which has created a substantial backlog of unresolved grievances.
  - Additional cost pressures, by prolonging the dispute resolution process; and
  - Challenges in maintaining the government's working relationship with the bargaining agents.
- In response to these challenges, the government is making a number of legislative amendments to the *Crown Employees Collective Bargaining Act* (CECBA), largely to remove GSB mediator-arbitrators from the OIC appointment process and create a more flexible and nimble alternative recruitment arrangement, based on a vendor of record model as recommended in a recent third-party Mandate Review.
- Compensation rates for mediator-arbitrators will now be negotiated jointly between the union and the employer, to reflect the fact that each is jointly responsible for paying 50 percent of the cost and that the GSB is jointly governed by the government and its bargaining agents.
- Following changes to CECBA, the government is planning to reduce the gap between the current rates of remuneration at the GSB and private market rates. In doing so, we expect to be able to resolve more disputes and reduce the backlog.

MTO

Issue: Mandatory Entry Level Training (MELT) for Class A Truck Drivers

KMs

Issue: Updates and fee increases for all commercial class licences

KMs

- Ontario is continuing its gradual increase of various driver and vehicle fees in order to help maintain Ontario's road safety, support key services and improve crucial transportation infrastructure.
- As of July 1st, the knowledge test for all commercial class licences will increase from \$15.75 to \$23.25, while the road tests will increase from \$89.25 to \$96.75.
- Part of road safety is ensuring that commercial drivers are properly tested and licensed.
- This is why, in addition to introducing Mandatory Entry-Level Training (MELT), MTO has updated the knowledge and road tests for all commercial licences (A, B, C, D, E and F) to ensure new commercial drivers can demonstrate the knowledge and skills needed to drive safely.
    - The cost associated with this change will only apply to commercial drivers, not to the majority of drivers (78%) who write the G1 or M1.
- Prior to 2012, many of Ontario's driver and vehicle fees had not increased in 15 years or more.
    - Some of the fee increases approved since do not recover the full cost of delivering the service or product.
    - Therefore, additional gradual, modest fee increases are necessary to move towards fuller cost recovery for delivering services and maintaining highway infrastructure.
- These modest and gradual changes are also in keeping with the recommendations of the Drummond Commission.

Issue: the definition of road-building machine will be amended to clearly distinguish between traditional road-building machines (slow moving vehicles used at construction sites) and vehicles that are designed to be driven on the highway.

**FYI Lisa Thompson sent a letter on June 27th saying that the new regulation will put local businesses out of work.*

KMs

- We are following through on our commitment to modernizing the treatment of vehicles that use public roads and highways to ensure fairness and efficiency.
- The ministry has conducted extensive consultation and tailored the regulations to address concerns of industry without impacting the ultimate safety and equity intent.
- Changes related to road-building machines come into force on July 1, 2017.
- The changes clearly distinguish between traditional road-building machines; slow moving vehicles used at construction sites, from vehicles that are designed to be driven on the highway.

- Vehicles that no longer meet the definition of a road-building machine will be subject to the same safety requirements as other commercial vehicles, including vehicle registration and annual inspections – ultimately improving road safety.
- To assist vehicle owners during the transition, the regulations provide various exemptions and grandfathering provisions.
    - Members of the Crane Rental Association of Ontario stated they were experiencing challenges with completing vehicle inspections required for vehicle registration by the July 1, 2017 implementation date.
    - To meet the needs of industry, MTO made amendments to allow mobile crane and concrete pump owners to submit an affidavit or declaration in lieu of a Safety Standards Certificate (SSC) for a period of 12 months, ending June 30, 2018 for the purpose of vehicle registration.