MYAP Watch List – December 12, 2017

1. Cap and Trade/ GreenON
2. Fair Hydro
3. Corrections Reform
4. Cannabis
5. Transit and Transportation
6. Bill 148 Implementation

Cap and Trade / GreenON

GreenON

- Installations and Support – funding for an additional 50 000 installations approved by TB/MBC / CAB December 7.
- GreenON Residential program bundle 1 (heat pumps, windows, insulation) – approved by TB/MBC / CAB December 7, launch week of December 11.
- GreenON Industries (Target GHG+) – $200M approved by TB/MBC / CAB December 7, launch December 8.

Cap and Trade

- Linking agreement with Quebec and California signed at Joint Cabinet meeting in late September 2017. MOECC received approval for related regulatory amendments on November 20; markets will be linked as of January 1, 2018 with first joint auction planned for February 2018. February 2018 auction notice to be released Dec 15.
- MOECC's Cap and Trade administrative monetary penalties and offset credits regulations tracking to LRC December 11, 2017.
- Fourth Auction occurred November 29, 2017 – $422,081,073 in proceeds, release from holdback tracking to TB/MBC in January.
- 2018/2019 GHGIP tracking to TB/MBC in January.
- Continued heightened stakeholder interest, including from the Auditor General and the FAO, in how government invests cap and trade proceeds. ECO report release expected in January 2018.

Fair Hydro Plan

- OIC authorizing the Ministers of Energy and Finance to issue the provincial guarantee (2 agreements) under the plan was approved by Cabinet on September 27. All major elements of the proposed agreements have now been addressed and drafting is being finalized. Ministers (TBS, MOF and ENERGY) scheduled to sign the week of December 11.
- OPG plans to purchase the asset through IESO by Dec 19, prior to going to market in January. All regulatory changes needed to support going to market have been approved by Cabinet.
- Hydro One pilot on bill presentment launched November 29. ENERGY tracking to LRC/Cabinet December 11 with a regulatory amendment on bill presentment for non-Hydro One customers.
- Ongoing work with agencies, LDCs and partners (including TBS/MOF/CO) on implementation requirements continues (biweekly meetings).
- Risks: AG report on Fair Hydro Plan may place additional scrutiny on the Fair Hydro Plan.

Corrections Reform

Corrections

- In 2017, the Independent Advisor on Corrections Reform (Howard Sapers) provided 125 recommendations on segregation and long-term corrections reform, including healthcare.
- On September 26, the OHRC filed an application with the Ontario Human Rights Tribunal, alleging that the Ontario government breached the *Jahn* settlement. On November 28, MCSCS shared revised minutes of settlement with the OHRC and received TB/MBC and Cabinet approvals for *Jahn.* MCSCS previously committed to seeking necessary government approvals to comply with the OHRC's remedies by December 15.
- TB/MBC and LRC approvals for the new corrections legislation are tracking for January/February 2018.
- MCSCS has agreed to report back to the Ombudsman every six months on its progress in addressing the *Out of Side, Out of Mind* report recommendations. MCSCS submitted its first report back on October 20.
- MOHLTC will report back on a long-term healthcare transformation strategy in spring 2018.
- PO, CO, MCSCS, TBS (including TBS Labour Relations), and Leg Counsel meet weekly.

Cannabis

Recent Developments

- On December 6, 2017, the Province confirmed that it would delay opening these stores if municipalities indicate that they are not ready for one to be opened there.
- On December 4, 2017, it was reported that the federal government may be willing to provide a larger share of revenues from the excise tax on cannabis with provinces and municipalities.
    - The federal Minister of Finance will be meeting with provincial and territorial finance ministers on Sunday and Monday, December 10-11, 2017, in Ottawa. Cannabis taxation is expected to be discussed.
    - Ontario's approach to these discussions was presented at Major Projects Committee on December 7, 2017.

- On November 30, 2017 AMO issued a Release asking Ontario to cover municipal cannabis costs and share new tax revenue with local governments. AMO cites costs of policing, by-law enforcement, public health, and fire inspections. Local police budgets could feel pressure of more than $80 million each year.
- November 25, Durham College announced new program “Medical Cannabis Fundamentals for Business Professionals” which will examine regulatory and legal considerations; ethics; cultivation and quality control; basic clinical concepts and marketing.
- On November 21, 2017, the federal government released a consultation paper to seek input on its proposed cannabis regulations. The proposed regulations address matters such as:
    - Licences, permits and authorizations;
    - Establishing a system to track cannabis throughout the supply chain;
    - Rules and standards related to cannabis products (e.g., oil, seeds);
    - Requirements for packaging and labelling; and
    - Maintaining current legal provisions related to medical cannabis, with proposed adjustments (e.g., to improve patient access).

  The deadline to provide written comments and responses is January 20, 2018. The Cannabis Secretariat (MAG) is working with partner ministries to analyse the regulatory proposals against Ontario’s policy goals and consider Ontario’s response.
- On November 3, the LCBO announced the first 14 cities that will receive retail stores. MOF and LCBO have now met with the majority of these municipalities:
    - Barrie
    - Brampton
    - Hamilton
    - Kingston
    - Kitchener
    - London
    - Mississauga
    - Ottawa
    - Sault Ste. Marie
    - Sudbury
    - Thunder Bay
    - Toronto
    - Vaughan
    - Windsor

- On October 27, letters were sent to all municipalities in Ontario to share the next steps for establishing retail stores. The process will be led by the LCBO, working closely with the government and local communities.

- On October 19, MCSCS had over 100 law enforcement and public health experts along with First Nations representatives and the federal government participated in a Cannabis Legalization Enforcement Summit.
- On September 20, the Minister of Finance indicated that potential uniformity of pricing and taxation across Canada is being considered. A potential price point of $10 per gram was noted in media reports.

Framework Implementation

- MAG is leading TB/MBC submission on December 12, 2017 meeting that will seek funding and staffing approvals for initiatives to facilitate the legalization of cannabis including 14 FTES (2 MCSCS and 12 MAG) and $3.2M in year funding for MTO with remaining pressures being addressed through individual ministry PRRTs.
- The legislation was approved by LRC and Cabinet on October 30, 2017. It was introduced in the Legislature on November 1, 2017.
    - Time allocation issued on November 22, 2017
    - Second reading carried on November 23, 2017; bill was referred to Standing Committee on Justice Policy
    - On track to pass before the House rises in December
- November 30, Angus Reid poll indicates that, despite two-thirds support for legalization, more than half of Canadians aren't sure their governments will be prepared for July 1, 20

Transit and Transportation

RER procurement

- Procurement for enabling works ongoing until early 2018 (13 AFP procurements and several traditional procurements).
- On June 14, 2017, Metrolinx issued the Notice of Commencement for the GO Electrification Environmental Assessment Transit Project Assessment Process.
- The second RER procurement package will include the design and construction of 12 new stations (6 RER and 6 SmartTrack), along with major renovations to several existing GO stations. The work will be procured using an AFP procurement approach. Pending TB/MBC approval, the RFQs would be released in spring 2018.
- On July 21, 2017 Metrolinx issued an RFQ for RER operation and maintenance services. On September 15, 2017, Metrolinx issued a notice that outlines possible changes to the RER Operations and Maintenance Request for Qualifications process, as Metrolinx is now recommending a design/build/ finance/operate/maintain ("DBFOM") project delivery model.
- MTO intends to seek Treasury Board approval of this procurement approach in December 2017. Upon approval, Metrolinx intends to issue an RFQ in spring 2018; an RFP in late 2018; and to achieve financial close in late 2019 or early 2020.
- MTO provided an update on RER Procurement to Fiscal Prep Committee on November 29, 2017.

Hydrogen

- MTO/Metrolinx updating RER procurement strategy and explore viability of alternative propulsion technologies (TB/MBC Fall 2017).
- On September 15, 2017, Metrolinx released a Request for Proposals (RFP) for concept design work to show how a hydrogen fuel cell system could be integrated into a Bi-level Electric Multiple Unit train. The Hydrail Feasibility Study is anticipated to be complete by the end of 2017.

- MTO and Metrolinx held a Hydrogen Symposium on November 16, 2017, which gathered industry leaders together to discuss the potential application of hydrogen fuel cell technology to electrify the GO rail network.
- On December 8, 2017 the Hydrogen Business Council held a conference “Hydrogen ON the Move” in Toronto

Rail Rationalization

- Negotiations between Metrolinx and CN for Master Agreement on rail rationalization starting in Fall 2017 (TBC).
- EA for rail rationalization to begin in June 2018 (TBC).
- Discussions to be held between MOF and MTO on emerging tax issues related to CN

Regional Transportation Plan

- On September 14, 2017, the Metrolinx Board of Directors adopted and published a draft 2041 updated Regional Transportation Plan. MTO is coordinating inter-ministerial feedback in the draft RTP.
- At its Board meeting on December 7, 2017, Metrolinx provided an update on feedback received on the draft and proposed next steps. On November 30, Metrolinx posted its intention to present a “Making it Happen” Discussion Paper at its February 2018 Board meeting for approval to release for public consultation.

High Speed Rail

- On October 17/18, 2017, MTO received TB/MBC and Cabinet approval to:
  - Proceed with Stage 1 (Planning) for High Speed Rail (HSR) with an estimated cost of \$147M to \$212M over six years, proposed to be offset from unallocated funding for the Outside Greater Toronto and Hamilton Area (OGTHA) component of the Moving Ontario Forward plan; and
  - Establish a short-term (up to three years) HSR Planning Advisory Board to provide strategic advice, engage with the

    private sector, build partnerships and raise the profile of HSR in Ontario and around the world.

- The HSR Planning Advisory Board will consist of 9-member board (including a Chair and Vice Chair).
- The HSR Planning Advisory Board would be established in late 2017 with the Chair being appointed first and the members shortly after.
- On October 23, 2017, the Premier spoke at the Kitchener-Waterloo Chamber of Commerce and announced the establishment of the HSR Planning Advisory Board to provide strategic support to HSR.
    - The news release also announced the launch of a website with details of what high speed rail will mean for people in Southwestern Ontario and across the province, and how people can provide feedback and input. Consultation dates and other input opportunities would be posted on this website as they are scheduled.

GTA West

- On May 29, 2017, the GTA West Advisory Panel provided its final report to the Minister of Transportation.
    - The Advisory Panel recommended not proceeding with the existing EA for a new highway corridor in the Northwest GTA.
- In response to the panel's recommendations, MTO, partnering with MMA and MOECC, is recommending an interim approach to corridor protection, together with a commitment to develop and propose a longer-term approach.
    - A 9-12 month joint corridor study (led by MTO and the Independent Electricity System Operator) for protection of a multipurpose infrastructure corridor. The study would identify lands that should be protected to allow for future infrastructure planning and EAs.
    - Upon conclusion of this study, the ministries would bring forward a proposed corridor and longer term protection approach.
- Cabinet approved the ministry's proposed approach on November 15, 2017. The Minister will publicly announce this approach in early December 2017 (TBC).

Bill 148 Implementation

Bill 148-*Fair Workplaces, Better Jobs Act, 2017* (FWBJA)

- Bill 148 was passed on November 22, 2017 and received Royal Assent on November 27, 2017. The LRA and most ESA changes will come into force as of January 1, 2018, except equal pay (April 1, 2018), Scheduling (January 1, 2019) and exclusions (January 1, 2018 / January 1, 2019).
- The general minimum wage will increase to $14 per hour on January 1, 2018 and $15 per hour on January 1, 2019. Special minimum wage rates will increase by the same proportion.
- MOL is proposing a package of transitional, consequential and substantive regulations for LRC approval on December 11, 2017. Most of the proposed regulatory changes would come into force January 1, 2018. The package includes a number of proposals for special rules and exemptions from new / enhanced FWBJA provisions for certain sectors:
    - Amendments that would create a special rule for construction and auto sector employees regarding the new entitlement to be paid for two days of Personal Emergency Leave (PEL) in certain circumstances as well as increase the percentage of earnings that must be paid to construction employees who have five years' employment would take effect January 1, 2018.
    - Amendments that would create an exemption for the film and television sector, firefighters and students under 18 years from the new equal pay for equal work provisions (employment status) would take effect on April 1, 2018.
    - Amendments that would create an exemption for the auto and film and television sectors from certain new scheduling entitlements would take effect on January 1, 2019.
- MOL launched a review of existing exemptions on October 18th. Phase 1 of the review includes eight occupations under the ESA and the exclusion for domestic workers under the LRA. Consultations were originally scheduled to end December 1, 2017; that deadline has been extended to December 15, 2017 for pharmacists and January 1, 2018 for all other occupations.

- MOL plans to launch a second phase of the exemptions review in January 2018. Direction on which occupations will be in scope for the review has not yet been confirmed.
- MOL plans to seek approval for additional regulations with respect to Fair Workplaces, Better Jobs implementation:
    - Early 2018: Proposed regulation that would extend successor rights to the retendering of contracts in the home and community services industry.
    - Winter 2018: Proposed regulation in response to Phase 1 of the exemptions review.
    2018: MOL may seek approval for regulations as a result of consultations on scheduling provisions of the FWBJA. The content of these regulations is uncertain, given the recent direction on the December LRC package.

FWBJA Impacts

- TBS, CO and ministries are assessing the impact of FWBJA implementation on the OPS and BPS, as well potential venues for resolution of any implementation issues.
- MCI, MCSS, MCYS, MGCS, MOHLTC and MTCS are developing a Treasury Board submission to seek transitional support for the implementation of the FWBJA. The ministries are tracking to TB/MBC December 19, 2017.
- EDU received TB/MBC October 17 / Cabinet October 18 approval for $12.7 million in funding to address 2017-18 minimum wage impacts in the child care sector.
- MAESD and colleges are jointly working through cost implications of FWBJA implementation to the sector. The results of this work are expected early in 2018.