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 announced December 13.
- GreenON residential program bundle 1 – heat pumps, windows, insulation announced December 13.

Cap and Trade

- Linking agreement will be in effect January 1, 2018 with first joint auction planned for February 21, 2018 (auction notice to be released Dec 21).
- MOECC's Cap and Trade administrative monetary penalties and offset credits regulations approved at 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.
- Discussions with PO/CO/TBS/MOECC on 2017/18 GGRA spending continue; initial briefing took place December 13.
- 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

- Ministers of Energy and Finance approved the provincial guarantee and signed two agreements under the plan on December 14 and 15, respectively.
- OPG plans to start purchasing the asset through IESO by December 19, prior to going to market in January. All regulatory changes needed to support going to market have been approved by Cabinet.
- Regulatory amendment on bill presentment of dynamic OFHP benefits for non-Hydro One customers approved by Cabinet December 13.
- Ongoing work with agencies, LDCs and partners (including TBS/MOF/CO) on implementation requirements continues (biweekly meetings). Next meeting not yet scheduled but likely in January.
- 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 received TB/MBC and Cabinet approvals for *Jahn.* Funding and FTEs in out-years were approved in principle as part of MCSCS' 2018-19 PRRT submission. MCSCS previously committed to seeking necessary government approvals to comply with the OHRC's remedies by December 15. MCSCS and OHRC are finalizing the minutes of settlement.
- 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.
- MCSCS working with MGCS to discuss data sharing provisions of the draft bill with the IPC.

Cannabis

Recent Developments

- Bill 174, Cannabis, Smoke-Free Ontario and Road Safety Statute Law Amendment Act, 2017, received Royal Assent on December 12, 2017.
- On December 12, 2017, the LCBO announced an additional 15 municipalities (in addition to the 14 announced on November 3, 2017) that have been identified to receive one or more cannabis retail stores. See Appendix for full list of municipalities.
  - 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.
- The federal Minister of Finance will be meeting with provincial and territorial finance ministers on Sunday and Monday, December 10-11, 2017, in Ottawa. Following the meeting, the federal government announced that it had reached a two-year revenue sharing agreement with the provinces and territories:
  - In addition to general sales taxes, the combined rate of all federal, provincial and territorial cannabis-specific taxes will not exceed the higher of $1 per gram, or 10% of a producer's selling price.
  - Tax room will be split 75% for the provinces/territories and 25% for the federal government. Provinces and territories would work with their respective municipalities on revenue sharing as appropriate.
  - The federal portion of cannabis excise tax revenue will be capped at $100 million annually. Any federal revenue in excess of $100 million will be provided to provinces and territories.
- 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 analyze the regulatory proposals against Ontario's policy goals and consider Ontario's response.
- 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.

Framework Implementation

- MAG led TB/MBC submission was approved by TB and Cabinet on December 12/13, 2017 meeting which provides funding and staffing approvals for initiatives to facilitate the legalization of cannabis including 14 FTES (2 MCSCS and 12 MAG),with remaining pressures being addressed through individual ministry PRRTs.
- 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, 2018.

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.
- 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 obtained Treasury Board and Cabinet approval of this procurement approach in December 12/13, 2017. 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.

Hydrogen

- MTO/Metrolinx’s updated RER procurement strategy would require bidders for Package 3 (in-corridor works) to identify the technology that will be used for electrification, and they have the flexibility to nominate a preferred approach (e.g., traditional overhead wires, include hydrogen fuel cells).
- 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, and it is expected that initial findings will be available by summer 2018.

- 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 December 15, 2017, a Request for Bids (RFB) was released to develop the environmental assessment terms of reference for the Kitchener-Waterloo to London portion of the corridor.
- 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. This Planning Board was announced by the Premier on October 23, 2017.

Other Transit/Transportation

- The Toronto-York Spadina Subway Extension, which extends the TTC's Line 1 by 8.6km and six stations from Sheppard West (formerly Downsview) to Vaughan Metropolitan Centre, is scheduled to open on December 17, 2017. The Province has provided $870 million to the project through the Move Ontario Trust.
- In response to the GTA West Advisory Panel's recommendations, MTO, partnering with MMA and MOECC, received Cabinet approvbal on November 15, 2017 for an interim approach to corridor protection, together with a commitment to develop and propose a longer-term approach. The Minister will publicly announce this approach in January 2018 (TBC).
    - 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.

Bill 148 Implementation

- 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 certain exclusions (January 1, 2018 and 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.
- On December 11 LRC/Cabinet approved a package of transitional, consequential and substantive regulations related to Bill 148. 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 <u>construction and auto sector employees</u> 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 <u>film and television sector, firefighters and students under 18 years</u> 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 <u>the auto and film and television sectors</u> from certain new scheduling entitlements would take effect on January 1, 2019.
- MOL launched a review of existing exemptions on October 18. Phase 1 of the review includes eight occupations under the ESA and the exclusion for domestic workers under the LRA. Consultation 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 related to bill 148 implementation:
    - Early 2018: Proposed regulation to extend successor rights to the retendering of contracts in the home and community services industry.
    - Early 2018: Proposed regulation in response to Phase 1 of the exemptions review.
    - Early 2018: Potential regulation as a result of consultations on scheduling provisions. Sectors unknown.

Impact Mitigation Efforts:

- 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.
- TBS, MCI, MCSS, MCYS, MGCS, MOHLTC and MTCS are developing a submission to seek transitional support for implementation, tracking to TB/MBC December 19, 2017. Fast track request received for same day Cabinet ratification.
- 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.