

Cap and Trade / GreenON

GreenON

- Management consulting group onboard.
- Bank account set up and secondment agreements being prepared for 3-5 new staff.
- CEO interviews underway.
- MOECC exploring increasing the delivery commitment for the free thermostat program from 100k to 150k and committing to set a new allocation threshold for next year.
- MOECC working with Energy and the IESO on designing and rolling out residential and industry programs for this fall.

Cap and Trade

- Third Auction occurred September 6 and raised \$526 million in proceeds; MOECC tracking to Oct 17 TB/MBC for release of funds.
- Linking agreement with Quebec and California signed at Joint Cabinet meeting in late September 2017. MOECC tracking to LRC in November with related regulatory amendments; markets would be linked as of January 1, 2018 with first joint auction planned for February 2018.
- Financial Approvals/Implementation
 - First Cap and Trade Auction (March 2017) raised \$472 million.
 - Second Cap and Trade Auction (June 2017) raised \$504 million.

Key Risks

- Need to sign TP between GreenON and IESO in short-order to deliver additional programs without delay
- Continued heightened stakeholder interest, including from the Auditor General and the FAO, in how government invests cap and trade proceeds.

Electricity Issues (Fair Hydro, LTEP, ON-QC)

LTEP

- Approval of the final LTEP document and OEB/IESO implementation directives tracking direct to CAB October 25 for an October 26 release

(PO to confirm release date). Draft materials have not yet been shared with CO/PO.

- PO, CO, and ENE meet weekly to prepare for the LTEP launch event and communications products.

Fair Hydro

- OIC authorizing the Ministers of Energy and Finance to issue the provincial guarantee under the plan was approved by Cabinet on September 27.
- ENERGY will return to LRC/Cabinet in late October to seek approval of additional regulatory amendments related to implementation of the Fair Hydro plan.
- Ongoing work with agencies, LDCs and partners (including TBS/MOF/CO) on implementation requirements continues (biweekly meetings).
- Auditor General has provided a draft of a special report on the Fair Hydro Plan to government. The AG is expected to release the special report in mid-October.

ON-QC Energy Trading

- Energy, working with IESO, is in discussions with Hydro Quebec (HQ) on an enhanced electricity trade agreement.
- Energy is working with the IESO and IO to undertake internal analysis on potential increases to imports from Quebec and the impact on nuclear refurbishments, Ontario Fair Hydro Plan (OFHP), the potential electricity market renewal commitment and other provincial priorities (e.g., climate change).
- Energy will report back to Cabinet in fall 2017 on the negotiations and updates on discussions with storage providers and other electricity sector participants.

Key Risks

- Release of AG special report on Fair Hydro Plan in October may place additional scrutiny on the LTEP and outlooks, and the Fair Hydro Plan generally.

Changing Workplaces / Minimum Wage

Recent Updates

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

- Second reading began September 12, 2017. The Bill will be referred back to committee soon (date TBD).
- The government is planning to announce that MOL will commence a review of exemptions under the ESA and the LRA in the Fall. The review is expected to take place in several phases.
- MOL will seek approval for several regulations late-Fall 2017 in order to implement the FWBJA prior to January 1, 2018.

Minimum Wage

- October 1, 2017 the general minimum wage increased to \$11.60 per hour following the Consumer Price Index (CPI) model.
- Pending passage of Bill 148, 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 would increase by the same proportion.
- Ministries and TBS are working on assessing the impact of the minimum wage increase on the OPS and BPS. Most ministries have started compiling this information for their PRRT submissions.
- EDU is tracking to TB/MBC on October 17, 2017 to seek approximately \$13 million in funding to address 2017-18 minimum wage impacts in the child care sector.

Current Status

- Proposal approved at JEP May 15/Cabinet May 17.
- Changing Workplaces Review (CWR) Report released May 23.
- Legislation approved at LRC/CAB May 29.
- Legislation introduced on June 1 and ordered to Standing Committee on Finance and Economic Affairs for review following First Reading. Government amendments to Bill 148 passed on August 21, 2017.
- Program design approved at TB/MBC August 16/Cabinet August 31.

Key Risks

- Potential for unforeseen or unintended impacts given the scope of measures, timing of the implementation and lack of full stakeholder input on some aspects of the proposal (such as, minimum wage).

- The proposal is expected to reduce flexibility for employers, increase costs and potentially reduce competitiveness vis-à-vis non-Canadian jurisdictions.
- Financial impact on public sector (i.e. universities) could impact implementation of other commitments.

Strategy for Safer Ontario / Police Oversight Reform

- The new *Police Services Act* and the *Policing Oversight Act* has been updated to reflect feedback and recommendations from the IPC. MCSCS continues to engage the IPC on changes.
- A revised omnibus bill went to LRC October 16 and is tracking to CAB October 18, for introduction in late October / early November. This omnibus bill will include new legislation to address SSO, police oversight, missing persons, and forensics oversight, as well as legislative amendments to the *Coroners Act*.
- PO, CO, MCSCS, MAG, and Leg Counsel continue to meet weekly to discuss progress and next steps on SSO and police oversight.

Corrections

- The Independent Advisor on Corrections Reform (Howard Sapers) released his final report on October 3. This report builds on Sapers' interim report from spring 2017. Collectively, the two reports provide 125 recommendations to address the use of segregation and long-term corrections reform, including next steps on healthcare transformation.
- On September 26, the OHRC filed an expedited contravention application with the Ontario Human Rights Tribunal, alleging that the Ontario government breached the *Jahn* settlement. On September 29, MCSCS made an offer to settle the application in which it advised the OHRC it would seek government approval by December 15, 2017 to comply with certain terms of the OHRC's proposed remedies. MCSCS and the OHRC are in discussion on a settlement proposal. Ontario's response to the latest OHRC proposal is due October 19.
- 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' first report back is due by October 20, 2017.

- PO, CO, MCSCS, TBS, and Leg Counsel meet weekly, and also regularly with MOHLTC, to discuss the proposed corrections reform framework and legislation.
- MCSCS proceeded to Fiscal Prep Committee October 11, and is tracking to HESP October 17, CAB October 25, and TB/MBC October 31. MCSCS is targeting the introduction of new corrections legislation in December 2017 (no later than December 15, 2017 to respond to the OHRC's proposed remedies re *Jahn* settlement). MOHLTC will report back on healthcare transformation in spring 2018.

Cannabis

Recent Updates

- July 26: Cabinet approved of MTO's vulnerable road users submission, which included impaired driving:
 - "Zero tolerance" for young, novice and commercial drivers
- September 6: Cabinet approved the Cannabis framework including for retail and distribution.
- September 8: Announced the government's framework to manage the federal legalization.
- September 8: Federal government [announced](#) over \$274 million to support policing and border efforts associated with the plan to legalize recreational marijuana use.
- October 3: Prime Minister announced potential federal excise tax of \$1 per gram, not less than \$10 with proceeds shared on 50/50 basis with provinces.
- October 4: Alberta announced draft legalization plan (following Ontario and NB), which includes setting the minimum age at 18 but not yet defining where cannabis will be sold (government run stores or private) – consulting with Albertans until October 27.
- September 27: Cabinet approved the policy for the Smoke-free Ontario / Electronic Cigarettes Act, including medical cannabis.
- Deputy Minister's Steering Committee ongoing meetings.

Current Status

- TB/MBC submission is October 17, tracking to CAB October 25

- Ongoing Development of LRC materials tracking either directly to CAB on Oct 25, or to LRC on October 30 and CAB on November 1
 - Draft of legislation is being reviewed, including page-turning briefings with PO.
 - Seeking introduction by November 2, 2017
- MCSCS and supporting ministries are preparing for enforcement summit beginning October 19.
- Secretariat is establishing weekly call to monitor approvals and drafting tracking through introduction.

Key Risks

- Aggressive implementation timeline driven by federal deadlines (i.e. July 2018).
- Stakeholder concerns/expectations with Ontario's overall approach.
- Implications and differing consideration for medical cannabis.
- Appropriate balance of policy objectives (public safety, protection of youth/vulnerable population).
- Ensuring alignment and an integrated approach to implementation across impacted ministries (MAG/MOF/MTO/MOHLTC/MCSCS/MIRR).
- Ambitious timelines for legislative drafting. CO will work with ministries to monitor progress.