то:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING JULY 18, 2017
FROM:	CATHY SAUNDERS, CITY CLERK AND JENNIFER A. SMOUT, SOLICITOR II
SUBJECT:	MODERNIZING ONTARIO'S MUNICIPAL LEGISLATION ACT, 2017 (Bill 68)

RECOMMENDATION

That, on the recommendation of the City Clerk and the Solicitor II the report dated July 18, 2017 entitled "Modernizing Ontario's Municipal Legislation Act, 2017" BE RECEIVED for information.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Item #3 - October 6, 2015 - Corporate Services Committee

BACKGROUND

The purpose of this report is to provide Municipal Council with a summary of some of the pertinent sections of the *Modernizing Ontario's Municipal Legislation Act, 2017* (Bill 68) which received Royal Assent on May 30, 2017.

Bill 68 amends the *Municipal Act*, 2001, the *Municipal Conflict of Interest Act*, the *Municipal Election Act* and several other Acts related to municipal governments.

Many of the provisions in Bill 68 do not come into force and effect until proclamation. The scope of some provisions is unknown at this time because they are subject to regulations which are not in place.

A copy of Bill 68 is available at the following link:

http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&BillID=4374

In the summer of 2015, the Province initiated a consultation process to review a number of pieces of Provincial legislation that affect municipal government. The consultation process focused on the following themes:

- 1. Accountability and Transparency;
- 2. Municipal Financial Sustainability; and
- 3. Responsive and Flexible Municipal Government.

In response to this review, Municipal Council passed the following resolution at its meeting held on October 27, 2015:

- "That, on the recommendation of the Director of Community and Economic Innovation, the following actions be taken with respect to the provincial review of the Municipal Act, 2001 and the Municipal Conflict of Interest Act:
- a) the submission from the Association of Municipalities of Ontario (AMO), appended to the staff report dated October 6, 2015 as Appendix 1, BE ENDORSED;
- b) the additional comments by the City of London, appended to the staff report dated October 6, 2015 as Appendix 2, BE APPROVED for submission to the Province of Ontario subject to the following amendments:
 - exclusion of the section on community councils;
 - ii) inclusion of the previous position of Council regarding the regulations pertaining to local improvements;

- iii) inclusion of clarification that notice provisions should have greater flexibility in order to enable a municipality to determine the most effective means of reaching out to engage and inform the community; and
- iv) consideration of expanding the sanctions available to municipal councils and courts of law to better address situations involving misconduct of members of council;
- c) the City of London comments BE FORWARDED to local Members of the Legislative Assembly of Ontario." (7/24/CSC)"

A table summarizing how City Council's submission to the Province are addressed in Bill 68 is set out in Appendix 1.

Some highlights of Bill 68 are as follows.

Municipal Act, 2001

Codes of Conduct for Members of Council and Local Boards (in force on proclamation)

- A municipality is required to establish a code of conduct for members of its council and its local boards.
- The Minister may establish regulations regarding what is to be contained in a council code of conduct.

Municipalities must establish codes of conduct for members of the council and local boards. Currently, codes of conduct are optional.

The Bill 68 amendments also provide that the Minister may make regulations prescribing one or more subject matters that a municipality is required to include in a code of conduct. The authority to prescribe regulations is limited to "subject matters" that a municipality is required to include in a code. There is no authority to prescribe how the subject matter is to be addressed in the code.

The City has established a Code of Conduct for Members of Municipal Council. The Code does not apply to the City's local boards:

http://www.london.ca/city-hall/city-council/Documents/Code%20of%20Conduct.pdf

As a result of the amendments, the City will be required to establish a Code of Conduct for its local boards noting that such code would apply to all members of local boards and not just those that are elected officials. Compliance with this requirement could be achieved by modifying the current Code to make it applicable to local boards or by establishing a separate Code applicable only to local boards.

The City's Code of Conduct for Members of Municipal Council and any Code established for the City's local boards will have to be reviewed to ensure that it complies with any regulations prescribed under s 223.2(4).

<u>Integrity Commissioner – Mandatory Appointment and Expanded Duties (in force on proclamation)</u>

- The functions to be performed by an Integrity Commissioner are expanded considerably with
 the most significant being the application of, advice related to and the power to conduct
 inquiries under section 5, 5.1 and 5.2 of the *Municipal Conflict of Interest Act* (MCIA) and the
 power to make an application to a judge for a determination that a member has contravened
 those sections of the MCIA.
- Municipalities must appoint an Integrity Commissioner for its members of council and local boards.
- New rules will apply related to processes to be followed for inquiries conducted by an Integrity Commissioner.

Currently, the functions of an Integrity Commissioner are limited by the Municipal Act, 2001 to the:

- a) application of the code of conduct for members of council and of local boards; and
- b) application of any procedures, rules and policies of the municipality and local boards governing the ethical behaviour of members of council and local boards.

Bill 68 expands the functions of the Commissioner to include new matters, noting that these functions are mandatory:

- a) the application of sections 5, 5.1 and 5.2 of the MCIA to members of council and of local boards;
- b) requests from members of council and of local boards for advice respecting their obligations under the code of conduct applicable to the member;
- c) requests from members of council and of local boards for advice respecting their obligations under a procedure, rule or policy of the municipality or of the local board, as the case may be, governing the ethical behaviour of members;
- d) requests from members of council and of local boards for advice respecting their obligations under the MCIA; and
- e) the provision of educational information to members of council, members of local boards, the municipality and the public about the municipality's codes of conduct for members of council and members of local boards and about the MCIA.

One of the most significant amendments in Bill 68 is the new powers granted to Integrity Commissioners to conduct inquiries concerning alleged contraventions of section 5, 5.1 or 5.2 of the MCIA by a member of council or a local board:

- a) an Integrity Commissioner may conduct an inquiry into any such matter if made on the application of an elector or a person demonstrably acting in the public interest;
- b) time restrictions apply with respect to when an application may be made and when the Integrity Commissioner must complete the inquiry;
- c) upon completion of the inquiry an Integrity Commissioner may exercise their discretion and apply to a judge for a determination as to whether the member has contravened section 5, 5.1 or 5.2 of the MCIA; and
- d) the costs of an Integrity Commissioner's application to a judge are to be paid by the municipality or the local board.

Bill 68 includes a number of provisions related to the processes used by Integrity Commissioners when conducting inquiries:

- a) requests for advice and responses given by an Integrity Commissioner must be in writing; and
- b) during the period from nomination day to voting day:
 - i) no inquiries may be conducted, including inquires under the MCIA;
 - ii) an Integrity Commissioner may not report on any contraventions of the Code; and
 - iii) inquiries not completed before nomination day must be terminated.

Under Bill 68, municipalities are required to appoint an Integrity Commissioner to perform the responsibilities noted above. The following rules will apply:

- a) where a municipality has not appointed an Integrity Commissioner, it must make arrangements for those responsibilities to be performed by a Commissioner of another municipality; and
- b) if a municipality has appointed an Integrity Commissioner but has not assigned to her all of the responsibilities set out in s 223.3(1), the municipality must make arrangements for those responsibilities to be performed by a Commissioner of another municipality.

Meetings - New Definition and Participation Electronically (in force on proclamation)

- The definition of meeting is expanded to provide more clarity.
- A procedure by-law may permit a member to participate but not vote in a meeting by electronic means.

Bill 68 includes a new definition of a meeting:

"meeting" means any regular, special or other meeting of a council, of a local board or of a committee of either of them, where,

- (a) a quorum of members is present, and
- (b) members discuss or otherwise deal with any matter in a way that materially advances the business or decision-making of the council, local board or committee."

The new definition of meeting:

- a) mirrors that used in the current closed meeting exception for education and training [ss 239(3.1)] and is meant to provide clarity for what constitutes an "informal" meeting;
- b) is consistent with current jurisprudence that gatherings of council where matters which would ordinarily form the basis of council's business are dealt with in such a way as to move them materially along the way in the overall spectrum of a council decision are council meetings.

The new definition does not codify the definition of meeting developed by the Ombudsman of Ontario:

"A meeting occurs when members of a council, local board or committee come together for the purpose of exercising their power or authority, or for the purpose of doing the groundwork necessary to exercise that power or authority."

Closed Meeting Exceptions Expanded (in force on proclamation)

- The list of exceptions for when a meeting may be closed to the public is expanded to include certain types of confidential and/or third party commercially sensitive information.
- Municipalities or local boards that receive a report from a closed meeting investigator that
 they have contravened section 239 or their procedure by-law are required to pass a
 resolution stating how they intend to address the report.

The list of matters for which a meeting may be closed to the public under ss 239(2) is expanded to include the following:

- (h) information explicitly supplied in confidence to the municipality or local board by Canada, a province or territory or a Crown agency of any of them;
- (i) a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization;
- (j) a trade secret or scientific, technical, commercial or financial information that belongs to the municipality or local board and has monetary value or potential monetary value; or
- (k) a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

Paragraphs (h), (i), and (j) are similar in part to some of the exemptions in section 9, 10 and 11 of the *Municipal Freedom of Information and Protection of Privacy Act*.

In addition to the requirement to make closed meeting reports public, a municipality or local board as the case may be is now required to pass a resolution "stating how it intends to address the report". Other than a statement of "intent" the amendment contains no specific requirement for the action to be taken.

Councillor Eligibility - Absence for Pregnancy or Adoption (in force)

A member does not require authorization from Council to be absent for 20 consecutive weeks or less, if the absence is a result of the member's pregnancy, the birth of a member's child or the adoption of a child by the member.

New Mandatory Council Policies (in force on proclamation)

Municipalities are required to adopt and maintain policies on the following matters:

- The relationship between members of council and the officers and employees of the municipality;
- The manner in which the municipality will protect and enhance the tree canopy and natural vegetation in the municipality; and
- Pregnancy leaves and parental leaves of members of council.

New Financial Provisions (in force on proclamation)

- Optional power to impose a tax in respect of the purchase of transient accommodation provided the tax is a direct tax subject to certain rules.
- Optional power to impose taxes on vacant residential rental units subject to certain rules.
- Optional investment power to invest in any security provided the municipality exercises the care, skill, diligence and judgment of a prudent investor.
- Expansion of the power to impose administrative monetary penalties for a failure to comply with any by-law of the municipality passed under the *Municipal Act, 2001*.

Municipal Conflict of Interest Act

New Statement of Principles (in force on proclamation)

A statement of principles is added to the Act:

Section 1.1

"Principles

- **1.1** The Province of Ontario endorses the following principles in relation to the duties of members of councils and of local boards under this Act:
- 1. The importance of integrity, independence and accountability in local government decision-making.
- 2. The importance of certainty in reconciling the public duties and pecuniary interests of members.
- 3. Members are expected to perform their duties of office with integrity and impartiality in a manner that will bear the closest scrutiny.
- 4. There is a benefit to municipalities and local boards when members have a broad range of knowledge and continue to be active in their own communities, whether in business, in the practice of a profession, in community associations, and otherwise."

These principles will assist elected officials, the public and the courts in understanding the role of an elected official in promoting confidence in municipal government. Section 1.1 will also guide the courts in interpreting the MCIA.

New Rules for Disclosure of Pecuniary Interest (in force on proclamation)

- Requirement for members to file a written declaration of pecuniary interest.
- Requirement for municipalities and local boards to establish a registry of members' pecuniary interests.
- New rules permitting members to participate in discussions where a council is considering suspending a member's pay as a result of a finding of an Integrity Commissioner.

Members are required to file with the City Clerk or the secretary of the committee or local board as the case may be, a written statement of the pecuniary interest and its general nature. The written statement must be filed at the meeting or as soon as possible afterwards.

In addition to the written statement, members are still required under section 5 to make a verbal disclosure of any pecuniary interest they may have prior to the consideration of the matter at the meeting with all such declarations to be recorded in the minutes of the meeting.

Municipalities and local boards will be required to establish and maintain a registry in which they must keep a copy of each:

- a) declaration of pecuniary interest recorded in the minutes of a meeting; and
- b) written statement of the pecuniary interest filed by a member.

The registry must be available for public inspection in a manner and during the time that the municipality or local board may determine.

New rules apply where a council or local board is considering whether to suspend the remuneration paid to a member as a result of a contravention by the member of the code of conduct. The member may:

- a) take part in any discussion of the matter;
- b) make submission to council;
- c) attempt to influence the voting on a question with respect to the matter; and
- d) attend any meeting related to the matter that is closed to the public.

The member is not permitted to vote on any question in respect of the matter.

Expansion of prohibited activity where a member has a pecuniary interest (in force on proclamation)

• Expansion of the rule related to prohibited activities where a member has a pecuniary interest to include activities beyond council and committee meetings.

Members who have a direct or indirect pecuniary interest in a matter that is being considered by an officer or employee of a municipality or local board or a person or body who has a delegated power or duty are precluded from using their office in any way to attempt to influence any decision or recommendation that results from consideration of the matter.

This rule will not apply to a person or body (ie. Council or an Integrity Commissioner) who is considering the exercise of a delegated power under s 223.4(5) of the *Municipal Act, 2001* to impose a penalty for a contravention of a code of conduct.

<u>Court Applications for Alleged Contraventions to Sections 5, 5.1 or 5.2 (in force on proclamation)</u>

• Court proceedings for a determination as to whether a member has contravened the MCIA may be commenced by an elector, an Integrity Commissioner or a municipality or a person acting in the public interest.

Currently, standing to make an application to a judge is limited to an elector. The Bill 68 amendments expand standing to an Integrity Commissioner or a person acting in the public interest. Certain rules related to the timing of the application including time limitations and blackout periods between nomination day and Election Day apply.

Expanded Penalties that may be Imposed by a Judge (in force on proclamation)

If a Judge determines that a member or former member has contravened the MCIA, the Judge may do any or all of the following:

- reprimand the member or former member;
- suspend remuneration paid to the member for a period up to 90 days;
- declare the member's seat vacant;
- disqualify the member or former member from being a member during a period of not more than seven years after the date of the order;
- if the contravention has resulted in personal financial gain, require the member or former member to make restitution to the party suffering the loss, or if the party's identity is not readily ascertainable, to the municipality.

Municipal Elections Act, 1996

• The term of office is amended to commence November 15th however for the term of office beginning in 2018, the term shall commence December 1, 2018 and end November 14, 2022.

There are a number of other amendments made to the *Municipal Election Act, 1996*, by Bill 68 and previous legislation. These amendments will be outlined in a future staff report.

Other Amendments

Bill 68 includes amendments made to other sections of the *Municipal Act, 2001* relating to the following matters:

- climate change;
- establishment of community councils (an optional power);
- notice of claims for recovery of damages relating to highways or bridges within the jurisdiction of the municipality;
- additional authority regarding the protection or conservation of the environment;
- amendments related to protection and enhancement of the tree canopy and natural vegetation;
- authorization for the treasurer to cancel, reduce or refund all or part of a payment in lieu of taxes in certain circumstances; and
- amendments to reduce the time that property taxes must be in arrears before a municipality can begin a tax sale as well as other changes to the process

Bill 68 also includes amendments to the following Acts:

- Building Code Act, 1992
- Development Charges Act, 1997
- Education Act
- Forfeited Corporate Property Act, 2015
- Health Protection and Promotion Act
- Municipal Extra-Territorial Tax Act
- Northern Services Board Act
- Planning Act
- Public Inquiries Act, 2009
- Public Transportation and Highway Improvement Act
- Regional Municipality of Peel Act, 2005
- City of Toronto Act, 2006

CONCLUSION

The *Modernizing Ontario's Municipal Legislation Act, 2017* (Bill 68) received Royal Assent on May 30, 2017 but has not been proclaimed. It is anticipated a number of related regulations will be published in the near future.

Once the related regulations are passed, additional staff reports will be submitted to provide recommendations to Municipal Council as to what actions need to be taken by to ensure compliance with legislation.

In the interim, City Council may wish to consider seeking advice and recommendations from its Integrity Commissioner related to the effect of Bill 68 on its current Code of Conduct for Council Members and Complaint Protocol.

PREPARED AND RECOMMENDED BY:	PREPARED AND RECOMMENDED BY:
CATHY SAUNDERS	JENNIFER A. SMOUT
CITY CLERK	SOLICITOR II

TABLE: Bill 68 – Amendments to Municipal Act, 2001, Municipal Conflict of Interest Act and other Municipal Legislation

Theme:	Recommendation:	Bill 68:
Municipal Act, 2001 Accountability and Transparency	Integrity Commissioner, section 223.3(5) The Integrity Commissioner should not be an employee or a relative of an employee or a Council Member (City)	Not adopted
	Registrar, section 223.11(5) The Registrar should not be an employee or a relative of an employee or a Council Member. (City)	Not adopted
	Ombudsman, section 223.13(10) The Ombudsman should not be an employee or a relative of an employee or a Council Member. (City)	Not adopted
	Auditor, section 223.19(7) The Auditor General should not be an employee or a relative of an employee or a Council Member. (City)	Not adopted
	Closed Meeting Investigator, section 239.2(8) An investigator should not be an employee or a relative of an employee or Council Member. (City)	Not adopted
	Definition of Meeting, s. 238(1) Define "meeting" as "when a quorum of elected officials gathers to deal with matters which ordinarily form the basis of council or a local board or committee's business and acts in such a way as to move them materially along" (AMO)	Substantially adopted, The new definition in s. 238(1) is "any regular, special or other meeting of a council, of a local board or of a committee of either of them, where, (a) a quorum of members is present, and (b) members discuss or otherwise deal with any matter in a way that materially advances the business or decision-making of the council, local board or committee"
	Code of Conduct, s. 223.2(1) Prohibit a council's code of conduct from addressing personal financial interests (AMO)	Not adopted
	Accountability and Transparency Training Require elected officials to complete accountability and transparency training within 90 days of taking office. (AMO)	Not adopted

	Vexatious and Frivolous Complaints Create a framework and safeguards to prevent and to address frivolous and vexatious complaints (AMO)	Not adopted
	Ombudsman Oversight Exempt municipalities from "final oversight" of the Ontario Ombudsman if they appoint their own municipal ombudsman (as done for Toronto in s. 4.2 of the Ombudsman Act) (AMO)	Not adopted
Municipal Financial Sustainability	Taxing Authority, s. 267(1) of the City of Toronto Act The Municipal Act, 2001 grant all municipalities the taxation powers that the City of Toronto has access to in the City of Toronto Act. (City and AMO)	Not adopted
	Municipal Land Transfer Tax The Municipal Act, 2001 be amended so that all municipalities in the Province of Ontario have the authority to levy a land transfer tax as Toronto has under the City of Toronto Act. (City)	Not adopted
	Surtax on Property with Vacant and Derelict Buildings The Municipal Act, 2001 be amended to authorize a surtax on municipal properties with vacant and derelict buildings. (City)	Not adopted However, amendments permit taxes to be imposed on vacant residential units subject to prescribed rules.
	One Investment Program, s. 418 and O Reg 438/97 Apply a prudent investment standard rather than a list of permissible investments (AMO)	Adopted s. 418.1 allows money to be invested in any security, if a by-law is passed to have that section apply. Subsection (8) imposes a duty to act as a prudent investor.
Responsive and Flexible Municipal Government	Climate Change The Following tools to address climate change mitigation and adaptation: Tools under the Planning Act Risk Assessment tools Case studies (before and after) Cost/Benefit analyses Evidence-based decision-making processes Clear information from the insurance industry on how current and future policies may change	Adopted in Part - But generally, s. 10(2) para 5 now reads: "Economic, social and environmental well-being of the municipality, including respecting climate change" - s. 97.1 permits by-law that require "green roofs" - s. 147 permits by-laws re long-term energy planning, including consideration of energy conservation, climate change, and green energy.

	 Infrastructure funding program that make it mandatory to address climate change mitigation and adaptation during project design and implementation The implementation of a matching granting program, with 50/50 funding to assist in expanding the amount of work that could be undertaken on climate change. (City) 	- s. 270(1) requires the City to create a policy re how "it will protect and enhance the tree canopy and natural vegetation
Practice and Procedures	Notice Provisions Municipalities be permitted to advertise on their own municipal websites instead of in a local newspaper for City-wide notices. Amendment to legislation to permit municipalities to distribute by email rather than by Canada Post. (City)	- s. 343(6.1) allows a tax bill to be sent electronically if the taxpayer has chosen the manner of circulation can be prescribed in the regulations (replacing requirement of newspaper advertising in statute)
	Meetings, section 239(2) A meeting or part of a meeting may be closed the public if the subject matter being considered is within one of the exceptions to disclosure in the Municipal Freedom of Information and Protection of Privacy Act. (City)	Adopted in Part Exceptions to disclosure similar to those in s. 9, 10 and 11 of MFIPPA have been adopted. A new broad exception has been added: (k) a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board
	Retention Periods, section 255(3) Delete "subject to the approval of the municipal auditor". (City) Records, section 254(3) A definition be provided for "archival services" and that the Municipal Act, 2001 state that the records are to be in the care of a trained archivist operating under proper archival conditions. (City)	Adopted Not adopted
	Parental Leave Provide parental leave for the mayor and councillors (AMO)	Adopted in Part s. 270(1) 8 requires the municipality to establish a policy with respect to pregnancy and parental leaves for council.

		S 259(1.1) provides that a member does not require authorization from Council to be absent for 20 consecutive weeks or less, if the absence is a result of the member's pregnancy, the birth of a member's child or the adoption of a child by the member.
	Telephone and Video Conferencing Permit council to establish a policy regarding participation at meetings via telephone and video conferencing (AMO)	Adopted in Part, s. 238.(3.1) Member of council can participate electronically if provided in the procedure by-law but don't count towards the quorum and cannot vote.
	Local Improvement Processes Inclusion of the previous position of Council regarding the regulations pertaining to local improvements	Not adopted
Municipal Conflict of Interest Act	Individual Responsibility The Municipal Conflict of Interest Act clarify that if is the role of the individual to determine if they have a conflict of interest. (City)	Not adopted
	Simplify MCIA Structure the MCIA in a way that is easier for elected officials to understand and implement (AMO)	Not adopted However, amendments to the <i>Municipal Act</i> expand the function of the Integrity Commissioner to provide advice to a member on section 5, 5.1 and 5.2 of the MCIA.
	Pecuniary Interest Remove the term "pecuniary interest" and incorporate modern language and overarching principles of ethics and integrity. (AMO)	Not adopted
	Penalties, s. 10 Provide a broader range of penalties, with removal from office being reserved for the most egregious conduct. (AMO / City)	Adopted, s. 9(1) provides that the judge has the discretion to impose any or all of the following penalties: Reprimand Suspend pay for up to 90 days Declare the member's seat vacant Disqualify from holding office for up to 7 years

	Make restitution if resulted in personal financial gain s. 9(2) sets out what may, among other things, be considered in exercising that discretion.
Advice from Integrity Commissioner Permit councillors to seek and rely on advice from a municipal integrity commissioner re MCIA and code of conduct (AMO)	Adopted, s. 223.3(1) of the MA provides for the Commissioner to respond to requests for advice re codes of conduct and MCIA but does not provide that it can be relied upon (but s. 9(2) of the MCIA provides that reliance can be considered in determining penalty). Amendments also require for requests for advice and advice provided to be in writing.
Integrity Commissioner Investigate MCIA Provide for a municipal integrity commissioner to investigate complaints under the MCIA and the authority to impose sanctions (AMO)	Adopted in Part, s. 223.3(1)4 of the MA provides authority to investigate complaints under the MCIA. s. 223.4.1 sets out the procedure. However, an Integrity Commissioner cannot impose sanctions.
Judicial Review If a municipal integrity commissioner is given the authority to remove someone from office under the MCIA, provide for a judicial review process (AMO)	Not Adopted An Integrity Commissioner cannot impose sanctions under the MCIA.