

March 31, 2017



s.40(1)

Dear , s.40(1)

Re: Your request for access to information under Part II of the *Access to Information and Protection of Privacy Act, 2015* [Our File #: PRE/13/2017]

On March 3, 2017, the Premier's Office received your request for access to the following records/information:

"A copy of the following briefing materials from January 2017 -Downpayment Assistance Program -Request to ban plastic shopping bags -Suspension of School Bus Services."

I am pleased to inform you that a decision has been made by the Chief of Staff of the Premier's Office to provide access to the requested information.

You may ask the Information and Privacy Commissioner to review the processing of your request, as set out in section 42 of the *Access to Information and Protection of Privacy Act* (the *Act*). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. The address and contact information of the Information and Privacy Commissioner is as follows:

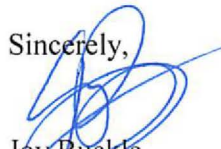
Office of the Information and Privacy Commissioner
2 Canada Drive
P. O. Box 13004, Stn. A
St. John's, NL. A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the *Act*.

Responsive records will be published following a 72 hour period after the response is sent electronically to you. It is the goal to have the responsive records posted to the Completed Access to Information Requests website within one business day following the applicable period of time. If you have any further questions, please feel free to contact me by telephone at (709)729-3570 or by e-mail at joybuckle@gov.nl.ca.

Sincerely,



Joy Buckle
ATIPP Coordinator
Enclosure

**Information Note
 Newfoundland Labrador Housing Corporation**

Title: Down Payment Assistance Program

Issue: Status of the Down Payment Assistance Pilot (DPA). This note was prepared upon the request of the Premier's Office.

Background and Current Status:

- In October 2015, NLHC launched a two year pilot program providing down payment assistance to eligible first-time homebuyers with a household income up to \$65,000 to support the purchase of homes with the approval of a financial institution.
- The down payment assistance is in the form of a repayable loan which NLHC finances. Successful applicants are not required to begin repayment of the loan until five years after the purchase of the home. Interest rates on the loan vary, depending on when the client starts repayment on the loan, but it will not exceed the prime lending rate minus one per cent.
- The pilot provided assistance for the purchase of a home up to \$250,000 in St. John's CMA and all of Labrador; \$200,000 in Clarenville, Gander, Grand Falls-Windsor, Corner Brook and Stephenville (and within a 30 kilometre radius); and \$175,000 in the remainder of the Province. Successful applicants received up to 5 per cent of the purchase price of a new home.
- Variance models were also created to allow for partial assistance for those with incomes marginally higher than the maximum income, as well as to allow the purchase of homes up to 10 per cent more expensive than the maximum purchase prices, subject to specific parameters.
- It was estimated that the program would allow between 100 and 125 households to become homeowners in each of the two years. This was based on an assumption that the average loan amount would be between \$10,000 and \$12,500.
- The DPA was financed through existing borrowing mechanisms at NLHC, and did not require an increase to the Provincial grant provided to NLHC. NLHC's is already equipped to borrow to provide financing to eligible clients without requiring a funding increase or drawing funds from other program areas.
- As of January 11, 2017, delivery of the Down Payment Assistance Pilot was as follows:

Fiscal Year	Budget	Loans Issued	Funds Advanced
2015-16	\$1,250,000	99	\$986,106
2016-17	\$1,250,000	71	\$686,926

Funding commitments made in 2015-16 have been carried over to 2016-17. For applicants in year two and beyond, a home purchase must be made within 120 days of approval or the funding is no longer committed to the applicant.

- In each of the two fiscal years, the amount of funding committed was initially higher than the total budget. This was done in anticipation of applicants purchasing homes below the maximum price, thereby lowering the amount of funding committed, and also in recognition that some applicants who were successful in qualifying for the DPA would not be ultimately successful in purchasing a home and would not receive funding.
- On average, the loans issued to clients of the DPA have been below the maximum amounts available under the pilot - \$9,960 in 2015-16, and \$9,675 in 2016-17. Only 23 per cent of all successful DPA clients have received loans equal to the maximum available for their region. The remaining clients have either purchased homes below the maximum purchase price or have opted to apply for partial down payment loan while utilizing other sources for the remaining required amounts.
- The primary challenge facing the pilot following 2015-16 was the number of applications that remained undelivered pending a successful purchase of a home. The original design of the program did not include a timeframe within which clients must successfully purchase a home before their application was cancelled.
- Following an interim review, NLHC introduced a policy requiring all future applicants to purchase a home within 120 days from the date of their conditional approval letter. Applications that are unable to complete this requirement are cancelled, and funds committed following conditional approvals are then utilized to serve applicants on a waiting list.
- Funding that was budgeted for 2015-16 but not ultimately advanced to an applicant is being delivered to applicants during 2016-17.
- There are currently over \$700,000 in commitments for applicants who have yet to successfully purchase a home. Should any of these commitments be cancelled, NLHC may contact eligible applicants who did not receive conditional approval for delivery in 2016-17 to offer the opportunity to become DPA clients.
- As of January 11, 2017, the regional breakdown of final payments issued under the Down Payment Assistance Pilot is as follows:

Area	Loans Issued 2015-16	Loans Issued 2016-17	Total Clients
St. John's CMA	84	49	133
Regional Centres	11	17	28
Rural NL	3	5	8
Labrador	1	0	1
Total	99	71	170

- The numbers above demonstrate that the program has achieved good uptake in the three areas on the island portion of the Province. The lack of uptake in Labrador, however, is a concern. Economic uncertainty within Labrador combined with housing prices that remain at or above the maximum purchase prices allowed under DPA are the key factors to explain the lack of uptake in the region.

Analysis:

- At its onset, outcome targets for the two year delivery of the pilot were established. While a full evaluation of the program is underway, progress on these outcome targets is as follows:

Outcome Indicator	Target	Results to Date
Number of households who purchase homes utilizing a DPA Loan.	100 Households per year.	2015-16: 97 homes purchased. 2016-17: 70 homes purchased as of October 13, 2016.
Number of homes in each region purchased utilizing a DPA Loan.	Minimum five approvals per region (as defined by price zones).	Over the two year delivery period, approvals by region were: <ul style="list-style-type: none"> • St. John's CMA - 133 homes. • Regional Centres - 28 homes. • Rural NL - Eight homes. • Labrador - One home.
Number of loans provided to clients without default or collection issues.	100 per cent compliance.	DPA includes a five year grace period before repayment of the loan must commence. To date, NLHC has not been informed of any mortgages that have defaulted by clients of the DAP program.
Number of applications received (Client awareness of the pilot).	200 plus applications in each year.	2015-16: 192 applications. 2016-17: 196 applications. Once budgeted funds in each year were fully committed, NLHC ceased accepting applications.

- New mortgage rules which came into effect on October 17, 2016, have impacted potential new clients of the pilot. Under the new rules, new homebuyers who make a down payment of less than 20 per cent must be able to qualify for a mortgage at a higher rate (4.64 per cent) prior to being eligible for a mortgage at the rates being posted by major banks (currently around 2.5 per cent). This has left many households with applications pending either unable to qualify for a mortgage or unable to secure enough of a mortgage to purchase a home in their community.
- The impact of these mortgage rule changes will significantly impact the future delivery of the pilot. A household with exceptional credit and \$500 or less in monthly other payments (e.g. car, student loan, etc), would now require almost \$70,000 to qualify for a \$250,000 mortgage. Households with an average level of debt would qualify for even lower mortgages. As a result, moderate income households in the northeast Avalon and most other major centres would be unlikely to find homes within their price range, or would be forced to purchase homes in poor condition, unless program parameters were adjusted,

either to allow a larger down payment (above 20 per cent) or to serve a higher income group (households between \$70,000 - \$100,000).

- NLHC officials have followed up with a number of applicants who have yet to purchase homes following their conditional approval, and most have indicated that they are no longer able to qualify for a mortgage. This is likely a result of changing mortgage rules but other factors may also play a role in this, and it is anticipated that most of the current conditionally approved applications are in a similar situation. Cancellations of applications that were previously approved have been a common occurrence throughout the pilot, with 83 applications having been cancelled in 2015-16 and an additional 56 to date in 2016-17. The process of approving clients for DPA prior to their pre-approval from a financial institution is a likely cause of many of these applications, and consideration of a change in policy to require pre-approval before applying for DPA is likely necessary for any future delivery.
- Government committed to the development of a comprehensive Provincial housing plan and development of this plan will be a priority for NLHC in 2017. In addition, Federal, provincial and territorial governments are currently working to develop a new National Housing Strategy, which is expected to include investments in several key areas of housing need, including affordable homeownership. Development of this National Housing Strategy is to continue through 2017 with Federal funding expected to flow to provinces and territories at the beginning of the 2018-19 fiscal year. The quantum of funding and any cost sharing requirement are not known at this time. It will be important to determine what role affordable homeownership will play in a Provincial housing plan and the National Housing Strategy prior to making a long-term commitment to the Down Payment Assistance Program.

Action Being Taken:

- “The Way Forward” includes a review of the programs and services of NLHC, and recommendations are required to be provided to Government by March 31, 2017. Recommendations will consider the results of the DPA pilot and the considerations noted above.

Prepared/Approved by: S. Pretty/J. Mullaley
Reviewed by: P. Howe/E. Day, Cabinet Secretariat
Ministerial Approval: Received from Hon. Sherry Gambin-Walsh

January 17, 2017

Information Note
Department of Environment and Climate Change

Title: Request to Ban Single-Use Plastic Shopping Bags

Issue: Municipalities NL has requested that government implement a provincial ban on single-use plastic shopping bags.

Background and Current Status:

- On October 4, 2016, at the request of Municipalities Newfoundland and Labrador (MNL), Minister Trimper (ECC and MMSB) and Minister Joyce (SNL and MA) met with MNL representatives to discuss a MNL resolution to request that the Province of NL prohibit all retail stores from distributing single-use plastic shopping bags (plastic shopping bags).
- During this meeting, the Ministers committed to reviewing the merits, logistics, and legislative aspects of banning the distribution of plastic shopping bags. However, it was also made clear that though MNL seeks a provincial ban, this review would also consider the merits of other policy alternatives that could achieve the same or similar ends.
- Ministers directed the interdepartmental Waste Management Steering and Technical Committees to conduct this review. In keeping with this direction, the Technical Committee (composed of senior officials from ECC, SNL, MA, and MMSB) initiated the review process and is currently compiling an internal discussion document on the issues associated with single-use plastic shopping bags as well as the merits of a ban and other alternatives.
- As part of this process, the Technical Committee held a technical consultation with MNL on December 9, 2016. The purpose of this meeting was to receive information and research used by MNL to form the rationale and to define the merits of implementing a provincial ban. Aside from anecdotal information, web links to programs in other jurisdictions and a list of websites, no additional information or research was provided by MNL. The technical committee advised MNL that it would conduct further research; complete its review; and advance the review to senior management for their consideration and next steps.
- Subsequent to the publicizing of the MNL resolution in September of 2016, the following positions on the banning of plastic bags have been made publicly:
 - On September 26, 2016, the Canadian Federation of Independent Business submitted a letter to the ministers of MA and ECC stating that they did not support a provincial ban and instead proposed an investigation of this and other alternatives.
 - In November of 2016, a non-binding motion was passed by the Liberal Party to urge the Government to implement a complete ban on plastic shopping bags.
 - On December 15, 2016, the Retail Council of Canada submitted a letter to MMSB presenting issues that it perceived with the appropriateness and feasibility of a provincial ban and suggested that alternatives be investigated.
 - Several Municipalities and organizations have passed resolutions to ban plastic bags and petitioned the Provincial Government to do the same.

Analysis:

- There are approximately 120 million plastic shopping bags distributed in Newfoundland and Labrador each year. According to the province's few plastic bag makers; none of the bags targeted by this ban are made in this province.

- Plastic shopping bags make up a very small portion (less than 0.4 per cent) of all waste generated in NL annually. Landfill sites that do not have adequate windblown debris management systems have high concentrations of plastic bags in the surrounding trees. However, as shown in a 2016 roadside litter audit completed by MMSB, plastic bags do not make up a large proportion of litter found on the roadways in NL.
- There are clear environmental benefits related to the reduction or elimination of plastic shopping bag consumption. These include avoided greenhouse gases from the production of plastic bags; the removal of the potential for plastic litter and the associated negative environmental impact that littered plastic bags have on the terrestrial and marine environments and wildlife. Also such attention can support other environmental initiatives.
- Balanced against the potential environmental benefits of any policy for the reduction or elimination of plastic shopping bags are practical considerations including:
 - consumer inconvenience to change behaviour;
 - cost to consumers to switch to alternatives (paper, reusable bags, crates);
 - environmental “footprint” of alternatives (paper may be worse than plastic);
 - defining a plastic bag shopping bag (does it include a privacy bag at a pharmacy?);
 - targeting more problematic litter materials such as single-use coffee cups; and,
 - the absence of a comprehensive litter abatement strategy for the province may make it difficult to rationalize an aggressive intervention on just a single source of litter, and would likely elicit a strong negative reaction from the plastics industry that it is being unfairly isolated for attention.
- No provincial or territorial government bans the use of all single-use plastic shopping bags. Those municipal jurisdictions that do ban plastic bags, only ban certain types of bags and make exceptions for others. Note however, that California is the first state to ban single-use plastic bags. Retailers offer paper bags or thicker plastic bags at a cost of US \$0.10.
- Alternative interventions that have been implemented in other jurisdictions to achieve the same policy objective include special levies on plastic shopping bags (most notably in Ireland and the Northwest Territories) and mandatory take-back plastic shopping bag recycling programs at retail stores. Levies on shopping bags have been very effective where the specific fees are set high enough (e.g. in the 25 cent range) to discourage use (usually resulting in more than a 90 per cent reduction), while voluntary or mandatory take-back recycling programs have not generally been successful (usually resulting in less than a 10 per cent recovery of bags) and are expensive to implement.

Action Being Taken:

- The merits, logistics, and legislative aspects of banning the use of single-use plastic bags and alternatives to reducing plastic bags are being reviewed and considered jointly by the Waste Management Technical Committee.
- The committee will produce a discussion document in early 2017 for review by Departmental Executives and Ministers.

Prepared/Approved by: G. Murphy/D. Michielsen/M. Goebel
Reviewed by: D. Whelan/K. Quinlan, Cabinet Secretariat
Ministerial Approval: Received from Hon. Perry Trimper

January 19, 2017

**Information Note
 Department of Education and Early Childhood Development**

Title: Suspension of School Bus Services for 22 Schools in the Northern Avalon Area

Issue: Kelloway Investments Limited (KIL) recently had its entire fleet inspected with a number of failed inspections causing a number of contracts to be suspended by the Newfoundland and Labrador Eastern School District (NLESD) resulting in services being suspended and replacement services implemented.

Background and Current Status:

- As of January 18, 2017, all contracts with KIL were suspended.
- A number of events preceded this decision:
 - On January 16 and 17, 2017 there were 8 instances of KIL school bus routes with significant delays that were not properly reported to the NLESD. In one instance, a child was reported left on the side of the road for 50 minutes and ended up at the Janeway with third degree frost bite.
 - KIL did not contact NLESD when there were instances of buses being taken out-of-service, as required in the school bus contract. NLESD was made aware of 10 instances where this occurred between January 16 and 17, 2017.
 - NLESD has determined that KIL has been allowing drivers on the road with no prior documentation or approval by NLESD.
 - Due to these incidents, NLESD lost confidence in the contractor to deliver the service of the contract based on the safety of the students.
- These suspensions were communicated to parents and schools on the January 18, 2017, and parents were asked to make their own arrangements for transportation on January 19 – 20, 2017.
- There are approximately 3,500 children across 22 schools that are impacted by these contract suspensions. The following is a list of schools with affected bus routes:

	School	Regular or Alternate		School	Regular or Alternate
1	Beachy Cove Elementary	A	12	Leary's Brook Jr High	A
2	Bishop Abraham Elementary	A	13	MacDonald Dr Elementary	R
3	Bishop Feild Elementary	A	14	MacDonald Dr Jr High	R / A
4	Brother Rice Junior High	R / A	15	Newtown Elementary	R / A
5	Cape St. Francis Elementary	R	16	Rennies River Elementary	R / A
6	Gonzaga High	R	17	Roncalli Elementary	A
7	Goulds Elementary	A	18	St. Andrew's Elementary	A
8	Holy Family Elementary	A	19	St. Francis of Assisi	R
9	Holy Heart High	A	20	St. John Bosco	R
10	Holy Trinity Elementary	R	21	St. Peter's Primary	R / A
11	Holy Trinity High	R	22	St. Teresa's School	R / A

*Alternate transportation is the transportation of students with special needs, and is typically for a small number of children on a vehicle.

- To resume operations, NLESD brought in 10 Board buses (6 regular buses and 4 alternate transportation buses) and drivers from areas where Board-owned busing is used. NLESD further contracted temporary services for 30 regular buses and 15 alternate transportation buses and one private vehicle until a longer term solution is determined.
- Service NL (SNL) advises that they are still in the process of completing their investigation of the bus operator, official inspection operator and the authorized inspection mechanic.
- SNL inspected a total of 38 of KIL's buses.
- October 20, 2016, the NLESD terminated contract 16-071 with Island Bus Service Ltd. for 12 buses because they were no longer capable of fulfilling the contract as they had a number of buses taken out of service by SNL due to failed inspections.
- Due to the circumstances of the tender (i.e. replacing a contract that was terminated due to buses that failed inspections) and the media attention regarding school bus inspections, NLESD, with legal consultation, derived a two-envelope tender:
 - The first envelope required bidders to provide proof of their ability to provide the required service. Once, and only if, this requirement was satisfied the second envelope was opened. Bidders were required to submit the names and documentation of each driver along with a list of buses and appropriate documentation for all buses.
 - The second envelope detailed the price.
- Upon further investigation of the bus information provided by KIL, NLESD determined that seven (7) of the buses being offered were the same that were used in the cancelled 16-071 contract held by Island Bus Service.
- SNL was subsequently contacted by NLESD to inspect the above-noted buses and 3 buses were taken out-of-service, 1 bus passed inspection, and 3 buses had defects that should have been captured during the Commercial Vehicle Inspection. NLESD consequently disqualified KIL from tender consideration and SNL inspected the rest of KIL's bus fleet.
- NLESD is waiting for the results of the SNL review of the entire KIL's fleet before finalizing their course of action.
- KIL currently holds contracts for a total of 36 regular buses, 18 alternate needs buses and 1 alternate needs private vehicle.

Analysis:

- The incremental cost of replacing KIL contracts in the interim is approximately \$6,300 per day.
- While no charges have yet been laid by SNL, it is anticipated that charges will be laid in the coming days.
- At this time SNL advises that it is of the utmost importance that there be no public release of information related to the investigation.

Action Being Taken:

- The Department will continue to work with NLESD to obtain information and to lend advice for further actions as required.

Prepared/Approved by: D. Ross/D. Stapleton/P. Smith/J. Vivian-Walsh

Reviewed by: C. Osmond/E. Day, Cabinet Secretariat

Ministerial Approval: Received from Hon. Dale Kirby

January 23, 2017

Cabinet Secretariat Comment:

- ECCD advises they are working with Communications Branch, SNL, and NLESD regarding ongoing communications planning.
- ECCD clarifies that the suspension was related to safety concerns to students as well as a result of safety inspections completed on the buses by SNL.