

Ont green sector held back by red tape, industry says

By Erika Beauchesne, Web Reporter

www.ecolog.com 5/01/2009

Ontario's current regulatory system isn't keeping pace with technological innovation, according to a study involving over 180 businesses in the province's environmental sector.

The study "Ready to Grow: Making Ontario's environment industry a world leader at home and abroad" involved a range of companies from areas like waste processing, water purification, air quality and brownfields remediation, alternative energy, recycling, and environmental engineering.

Deloitte conducted the research in February and March 2009 on behalf of the Ontario Environment Industry Association (ONEIA) in partnership with the Ontario Ministries of the Environment, Economic Development, and Research and Innovation, and the Ontario Centres of Excellence.

Forty-seven per cent of participants agreed that Ontario is a great place for environment companies to do business. Respondents named talent, population, easy access to the U.S., and globally competitive educational institutions as some of the province's strengths.

But only 16 per cent agreed that Ontario is the best province in Canada for environmental companies to do business. Rather, Ontario could learn from Quebec, British Columbia (B.C.) and Alberta, respondents said.

California, Germany and Sweden were the top three countries that Ontario should look to as "an ideal model" for its regulations and approvals process, but firms also said they worry that these countries may be doing more to position themselves as economies of the future.

Regulatory environment biggest barrier

Compared to Europe and some U.S. states, Ontario is slow to approve new technologies and the review processes that the province uses are outdated and time consuming, respondents said.

Seventy per cent said that it takes at least 1.5 times as long to get certificates of approval in Ontario than in comparable jurisdictions.

Some respondents mentioned a program in Quebec that expedites the testing of

experimental technologies so that smaller scale or temporary operations don't have to meet the same requirements as larger, more permanent facilities.

Others in brownfields remediation said that B.C. companies can get an approval-in-principle so that construction can start before the approval process is completed.

Firms recommended several changes to the province's regulatory system, like giving term-limited temporary reprieves, involving the public but without multiple rounds of appeal, and guaranteeing turnaround times for application processes.

Ontario could see similar exceptions for renewable energy companies if the government passes its proposed *Green Energy and Green Economy Act, 2009* (GEA).

Under the proposed Act, renewable energy projects would pass through a streamlined approvals process. The government would offer one-window assistance to project developers, in an attempt to cut through redtape.

"The GEA is definitely a huge step in the right direction," said Alex Gill, ONEIA's executive director.

"But alternative energy is only one part of the environment industry and the challenge is to get this kind of thinking operating in other parts of the sector," he said.

In addition to regulatory changes, 83 per cent of respondents said that the government could help the industry by creating green procurement requirements in its contracts.

Market-based incentives, like increasing the cost of tipping fees or landfill taxes, could also influence business in environmental sectors — even more so than grants, they said.

And grants could be made more useful by allotting smaller amounts with less complex applications, respondents said.

The study noted that with the decline of Ontario's traditional manufacturing sector, the province is moving into new territory with the opportunity to profit in the world market for environmental products, services and technologies that is expected to grow to over US\$700 billion annually in the coming years.

"Businesses know we're in some tough economic times and the old ways of doing things isn't good enough anymore," Gill said.

Gill said the next steps will be sitting down with government and mapping out a strategy, but he said it's essential that more of the province's 2,700 environmental firms get involved in that process.

"This is a rallying cry to businesses as much as it is to government," he said.

The study is available at ONEIA's <http://www.oneia.ca/files/ONEIA%20Deloitte%20-%20Ready%20to%20Grow.pdf> >.