

Chemistry Industry

2021 Red Tape Reduction Report – Taking Stock of Progress Made and Continuing Efforts



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Repeal Section 34 OH&S Act - Achieved (Bill 132 Fall 2019)

Excess Soil Management (repeal automatic classification of soil from industrial sites as waste) - Achieved (June 12, 2020 but implementation phased in over 5 years)

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› Introduction

As the Open for Business Action Plan initiative nears its third anniversary, the Chemistry Industry Association of Canada (CIAC) is pleased to provide an update on the initiative. The purpose of this report is to inform key government legislators and officials of progress made, and continuing efforts needed, to realize the objectives of retaining and attracting business investment and jobs by eliminating unnecessary regulatory cost, complexity and time, while protecting Ontarians' health and the environment.

› Ontario's Chemistry Industry

The chemistry industry is the fastest growing manufacturing sector in North America. Chemistry manufacturing facilities have a life cycle of more than 30 years. Not securing these investments now, particularly as the province looks to post-pandemic economic recovery, means Ontario will miss out on decades of new direct and indirect jobs, tax revenues, new infrastructure and community investments. Only a competitive business environment and a welcoming public policy environment will attract Ontario's fair share of new investment and create the high value, long-term sustainable jobs that the chemistry sector generates.

Ontario's nearly \$25-billion chemistry industry is the third largest manufacturing industry in the province, directly employing over 43,800 Ontarians in well-paying jobs and supporting another 260,000 Ontario jobs in other sectors. Our members are key employers in the Sarnia-Lambton, GTA/Niagara and Eastern Ontario regions of the province. We provide important inputs to a range of key manufacturing sectors including automotive, forest products, construction, and food and beverage. Ontario remains Canada's largest chemistry jurisdiction accounting for 44 per cent of the nation's chemistry output. Additionally, Ontario's plastics manufacturing sector is a \$15 billion industry, directly employing over 48,700 Ontarians within 828 different businesses. The plastic sector is an SME sector, fully 75 per cent of Ontario's plastic product manufacturers employ less than 100 workers.

Among all manufacturing industries, the chemistry sector ranks #2 in having the highest proportion of employees with university degrees, reflecting the high skill level required in our workforce, and the fact that our jobs are well-paying. In particular, the average salary within the industrial chemicals sector in Ontario is \$100,900, nearly double the amount of the average salary (\$56,900) across all manufacturing industries in the province. The sector also ranks as the province's second largest trader, accounting for \$60 billion in exports and imports in 2019.

The Sarnia-Lambton region in particular is a great example of a high performing industry cluster positioned for further growth. The cluster is the single largest and most concentrated in Canada and is evolving to become a globally recognized bio-hybrid chemistry cluster.

The region's attributes include:

- a large concentration of interconnected production facilities;
- specialized infrastructure and well-suited geology;
- proximity to and access to key lower carbon, cost advantaged natural gas liquids and biomass feedstock;
- a large base of skilled workers, trades, contractors and a supporting supply chain consisting of small and mid-sized firms;

- post-secondary academic and commercialization institutes that collaborate with industry for programming, internships, co-op placements and R&D initiatives;
- over two-thirds of North America's polyethylene demand within an 1,100 km radius;
- gateway access to North America and global markets.

› Red Tape Reduction Report – Taking Stock of Progress Made and Continuing Efforts

The following section outlines the state of regulatory burden reduction initiatives CIAC has identified that impact the competitiveness of the chemical manufacturing sector with respect to unnecessary cost, complexity and time.

› Regulatory Burden Reductions Fully Achieved

Accelerated Capital Cost Allowance Matching – Achieved (Budget 2018-19)

The 100 per cent Accelerated Capital Cost Allowance (ACCA) program is set to operate through 2028, subject to a phase-out for property that becomes available for use after 2023. Strong consideration should be given to extending the measure to 2030 to recognize the business planning cycle for major capital expenditures and eliminating the phaseout provisions. Consideration should be given to making the allowance permanent to provide long-term certainty to capital intensive investors.

Repeal of the Toxics Reduction Act (TRA) – Achieved (Bill 66 Spring 2019)

CIAC commends the Ontario government for finally bringing Ontario in line with its provincial counterparts and eliminating the duplication and overlap with the federal government Chemical Management Plan (CMP). The CMP program follows a rigorous science-based approach to assess and manage toxic chemicals in Canada. As such, the federal government consults broadly on their substance assessments and the development of risk management tool. As well, the federal CMP program requires industry to reduce the use and/or release of certain toxic substances and use both voluntary and mandatory approaches depending on the risk assessment of the substance to manage it.

The repeal of the TRA eliminated the requirement to submit new Toxic Reduction Plans beginning in 2019 and requires Annual Report for active Toxic Reduction Plans to be submitted until December 31, 2021.

Repeal Acetone Reporting - Achieved (Bill 132 Fall 2019)

Acetone was not part of the TRA regulation but followed a similar regulatory and reporting requirement. The federal government removed acetone from its National Pollutant Release Inventory List as there was very little use of acetone in Canada. The repeal of acetone reporting under Reg. 127/01 Airborne Contaminant Discharge Monitoring and Reporting removed another Ontario-only regulatory burden that offered no measurable benefit to society.

Repeal Section 34 OH&S Act - Achieved (Bill 132 Fall 2019)

CIAC applauds the Ontario government for eliminating this regulation which overlapped with the federal government's New Substance Notification regulation and provided no discernable or measurable impact to workplace safety.

Excess Soil Management (repeal automatic classification of soil from industrial sites as waste) - Achieved (June 12, 2020 but implementation phased in over 5 years)

CIAC supports the Ontario government's efforts to review excess soil regulations so quickly after the previous government released their directive. We are pleased that the new regulation removes the automatic classification of excess soil from industrial sites as waste and instead provides for a risk-based standard for safe reuse, and simplifies reporting requirements as well as providing more flexibility to support brownfield development. We note that the new regulations are being phased in over a one-year period.

End outdated NOx and SO₂ Emissions Trading

Ontario's emissions trading program for nitrogen oxides (NOx) and sulphur dioxide (SO₂) that began in 2002 to fight smog and acid rain is no longer effective at driving emissions reductions from the regulated sectors. CIAC Ontario members' efforts, including investments in fuel switching and low-NOx technology, have resulted in reductions of nitrogen oxides and sulphur dioxide emissions of 20 per cent and 50 per cent respectively from 2005 to 2018. Ontario announced it would end this program as it is no longer an effective tool to address these emissions and new air quality standards have been implemented to regulate industrial emitters. We support this move. However, we seek more clarity on the wind-down process and treatment of unused credits.

Transfer Municipal/Industrial Strategies for Abatement (MISA) Requirements to Environmental Compliance Approval – Partially Achieved (Bill 66 Spring 2019)

CIAC commends the government in completing the process to transfer MISA requirements and issue updated Environmental Compliance Approvals to companies and completed public consultations where required.

› Regulatory Burden Reductions On-Track/Partially Achieved

Occupational Health and Safety Management Systems – Accreditation and Recognition

CIAC and its members are fully supportive of the province's efforts to advance safe, fair and harmonious workplace occupational health and safety practices. CIAC is pleased that the Minister of Labour, Training and Skills Development and the Chief Prevention Office have launched the Supporting Ontario Safe Employers program with outcomes-based criteria rather than a prescriptive standard. CIAC has submitted an application to accredit Responsible Care[®] under the program. CIAC and its members look forward to working with the Chief Prevention Office to accredit Responsible Care and recognize Responsible Care companies as occupational health and safety leaders.

Technical Standards and Safety Authority (TSSA)

Operating Engineers Risk-based Compliance Approach (Announced Bill 66 – Spring 2019 but Implementation in Progress)

TSSA has announced new risk-based compliance frameworks for the Operating Engineer regulation. CIAC applauds the move to allow more flexibility for facilities to achieve compliance.

Two paths have been announced and applications windows have closed. We would like TSSA to confirm when the new compliance paths will take effect.

Variance Management, Best Practice Recognition, Communications and Administration Issues

TSSA's commitment to transition to a modern outcome-based regulator is long overdue. CIAC has raised the following issues with TSSA and appreciates their attention to engage with CIAC and its members.

- Inspections:
 - Need for consistent protocols for inspections
 - Need for consistent protocols for enforcement and follow up actions
 - Need for timeliness of inspections and accessibility of inspectors
- Protocols for expressing a difference of opinion on the outcome of the inspection including, how to express or escalate the concern.
- Use of international best practices, standards and the application of them in Ontario for global companies.
- Improved response to inquiries
- Paperwork and billing inefficiencies

CIAC notes that TSSA is in the midst of rolling out a new information and contact management system which is intended to improve file tracking and streamline billing. We are also pleased that TSSA leadership are meeting directly with facility representatives and have engaged in a variance request information gathering and learning project with a CIAC member facility to address these concerns.

Reduce Environmental Compliance Approval Processing Time Ongoing: Improving conditions

Recent efforts have been taken to speed up the approvals process in Ontario to streamline the process for lower risk projects (Environmental Activity and Sector Registry) and setting a 1-year service standard for complex Environmental Compliance Approvals (ECA). However, the time taken for the issuance of ECAs continues to be a major issue for industry.

Cases of delays beyond the 1-year service standard in receiving an ECA remain for our sector. This experience acts as a deterrent for domestic and foreign-based companies seeking to invest in their Ontario subsidiaries to expand or modernize facilities. CIAC Ontario members are competing for new investment mandates which yield environmental improvements over existing operations. This causes further frustration and irony in the delay and a lack of confidence in the certainty of Ontario's regulatory framework.

Protecting Employment Lands Through Stronger and More Uniform Buffer Zones – Announced Better for People, Smarter for Business Act, 2020

MECP has announced plans to update its land use compatibility planning guidelines to help municipalities prevent new residences or other incompatible land uses from being approved near sites and industries that may create noise or odour impacts. We continue to wait for details on a public consultation or next steps to be announced.

Digitize Hazardous Waste Reporting

This proposed change follows through on the Made-in-Ontario Environment Plan's commitment to make sure hazardous waste is properly stored, transported, processed and managed by making it easier for businesses to submit reports. Ontario's current system, which requires businesses to submit over 450,000 paper manifests to the MECP, is outdated and lacks the transparency expected of Ontario today.

CIAC is pleased to be part of stakeholder consultations to develop a new digitized hazardous waste manifest system. The province previously announced this initiative in 2019 and then in 2020 announced that the Resource Productivity Recovery Authority (RPPRA) would be responsible for developing and managing the new service. CIAC is not opposed to this change. However, we note that RPPRA has in past faced criticism for its governance, lack of transparency, and inflated overhead costs that hinder its ability to provide optimal value for money.

Four stakeholder sessions with industry participants were held in 2020 to obtain feature and functionality details. We are awaiting details on subsequent stakeholder sessions and a prototype design. A key element raised in the stakeholder sessions was to use the opportunity in the service design to make minor adjustments to align the service phrasing and form formats to be accepted as a federal Transportation of Dangerous Goods shipping form.

› Regulatory Burden Reductions Initiatives Still Outstanding

O. Reg 419 – Local Air Quality

CIAC and its member companies in no uncertain terms are wholly committed to the protection of human health and the environment and to an effective use of resources. The current methodology for setting Local Air Quality standards requires a structural reset. It is based solely on health-based outcomes without any cost-benefit analysis and has created much more stringent requirements than similar jurisdictions. MECP has opted for alternative compliance pathways to address technical and economic considerations which have been a time and effort-consuming process for both industry and government that impair regulatory certainty, hinder business investment decision-making in Ontario and are not well understood by the public.

The current regulation is reliant on modelled data. It is important to recognize that models are not definitive but rather mathematical representations and subjective. Facilities must generate models and apply conservative factors, especially in the treatment for meteorological anomalies, to represent facility emissions. As such, the modeling output can over-report facility emissions and their effects at the fence line versus actual emission levels.

CIAC is seeking opportunities to work with MECP to review their meteorological model data treatment and run statistical validations to determine its overall statistical accuracy.

Treatment of Advanced Recycling Facilities

Ontario currently treats recycling processing in the waste management hierarchy. As such, sites that wish to receive diverted materials are regulated (in part) as waste disposal sites. This creates regulatory barriers to divert plastic waste and enable a circular economy for plastics. Nine U.S. states have enacted legislation that make clear definitions for:

- post-use polymers and recoverable feedstocks are not solid waste;

- gasification and pyrolysis facilities that convert post-use plastics into plastic and chemical feedstocks, crude oil, transportation fuels, or other products are regulated as manufacturers and not mischaracterized as solid waste disposal facilities;
- recognition that the conversion of post-use plastics into valuable products will count towards recycling or diversion rates.

Support Innovation and Recover the Value of Waste

CIAC shares the government's goals of reducing the amount of plastic waste that ends up in landfills and the environment by moving toward a more circular economy for plastics. CIAC supports in principle the proposed regulation and regulatory amendments to make producers responsible for operating blue box programs. We believe the proposed program, which includes higher recycling targets, would be improved if it is coupled with investment signals for advanced recycling technologies and encourage the recognition of a more holistic "waste to feedstock" approach for diversion of plastic waste.

The Ontario government has announced plans to release a policy paper for consultation to help identify opportunities to better support the use of innovative technologies and processes. Advanced recycling and energy recovery technologies such as pyrolysis and gasification can help ensure valuable resources — such as hard-to-recycle plastics — don't end up in landfill and can instead have a beneficial use, such as feedstocks for new plastics and synthetic fuels.

Ontario has the scale in the chemicals sector to deliver advanced plastics recycling for the province and other parts of Canada. We believe Ontario should establish itself as a regional innovation hub that can develop, scale up and commercialize new advanced recycling technologies for adoption throughout North America and the world. Ontario risks falling behind a number of U.S. states that have already recognized advanced recycling technologies to accelerate their transition to a more circular economy.

Industrial, Commercial and Institutional (IC&I) Circular Economy Regulatory Updates

CIAC and its member companies are wholly committed to sustainability and reducing waste and post-consumer packaging waste wherever possible. The following group of regulations have been around for nearly a quarter of a century and are overly prescriptive or overlap or contradict with federal regulations especially relating to transportation of dangerous goods. CIAC seeks the opportunity to work with MECP to modernize and align these regulations within the context of enabling a circular economy.

O. Reg 102/94 Waste Audits and Waste Reduction Work Plans

O. Reg 103/94 Industrial, Commercial and Institutional Source Separation Program

O. Reg 104/94 Packaging Audits and Packaging Reduction Work Plans

› Chemistry Industry Association of Canada

CIAC represents companies that produce industrial chemicals (including petrochemicals, bio-based chemicals, inorganic chemicals and resins) that are essential building blocks and empower the broader manufacturing sector including small- to medium-sized firms in Ontario and the rest of the country. In fact, 95 per cent of all manufacturing goods including plastics are touched by chemistry.

Many of our member-companies are foreign-based multinationals that must compete both globally for market share, and within their own organizations for new investment capital. Additionally, CIAC represents nearly 100 plastics value chain members with operations in every province that includes resin producers, converters, brand owners and recyclers.

› Responsible Care®

All actions by CIAC members are governed by Responsible Care. Responsible Care is the flagship program of our industry that ensures our members innovate for safer and greener products and processes, and work to continuously improve their environmental, health and safety performance. Launched in Canada in 1985 and now adopted in over 70 countries and recognized by the United Nations, CIAC member-companies strive to “do the right thing and be seen to do the right thing.” This is our commitment to sustainability – delivering results for the betterment of society, the environment, and the economy.

Responsible Care companies must be transparent about their activities and draw upon independent experts and members of the public to verify that they are living up to the standards set by Responsible Care. Correspondingly, every three years a team of industry experts, public advocates and representatives chosen by local communities audit each CIAC member to evaluate their compliance to the specific requirements of Responsible Care, and these Verification Reports are publicly available for review. CIAC also has a National Advisory Panel made up of activists, advocates and academics that advise CIAC on how to understand and exceed the public's expectations through Responsible Care.



**CHEMISTRY INDUSTRY
ASSOCIATION OF CANADA**

1240 - 45 O'Connor Street, Ottawa, ON, K1P 1A4

canadianchemistry.ca | @ChemistryCanada

info@canadianchemistry.ca



Responsible Care®
Our commitment to sustainability.