

Ontario Environment Industry Association (ONEIA) 2024 Pre- Budget Submission

On behalf of Ontario's more than 3,000 environment and cleantech firms the Ontario Environment Industry Association (ONEIA) asks the Province of Ontario to consider the following recommendations as it develops the 2024 Budget.

- Make Ontario a smart place for cleantech and environment sector investment.
- Enable decarbonizing of electricity grids through significant investment in capital, materials and labour including support for the growth of developing and existing Ontario companies, and optimizing and implementing technologies and solutions.
- Build more homes faster and smarter by building on brownfields.
- Build smarter by building sustainably through the efficient use of resources, while reducing and eliminating fossil fuels, waste to landfill, wastewater effluent and air emissions.
- Build enabling infrastructure faster.
- Build a Future That is Smarter and Resilient.
- Invest in training sessions and external resources to support the application of the Ontario Provincial Climate Change Impact Assessment.
- Prioritize the use of Circular Economy Principles during the policy and regulatory development process to support and incentivize waste resource recovery projects.
- Collaborate on a practical approach to mitigate environmental and human health impacts of PFAS.
- Work with the growing environment and cleantech sector to identify and address current and projected skills gaps and to help our sector get ahead of growing labour market challenges.

About ONEIA

Ontario is home to Canada's largest group of environment and cleantech companies and 40 percent of Canada's green workforce are employed in Ontario. The most recent statistics from the federal government show that Ontario's environment sector employs more than 226,000 people across a range of sub-sectors. This includes firms working in such diverse areas as materials collection and transfer, resource recovery, composting and recycling solutions, alternative energy systems, environmental consulting, brownfield remediation, water treatment and artificial intelligence – to name just a few. These companies contribute more than \$25-billion to the provincial economy, with approximately \$5.8-billion of this amount coming from export earnings. The industry is growing and has potential opportunity for continued growth. ONEIA members are committed to engaging with governments as they develop policies and regulations that are consistent with our principles of sound science, a sound environment, and a sound economy.

Ontario's Environment and Cleantech Sector

- **The Business of the Environment:** Ontario's environment and cleantech industry is a diverse range of companies whose primary business is producing, providing and developing environmental products, services and technology that protect the environment.
- **Good Environmental Stewardship is Good for Ontario's Economy:** There are more than 3,000 companies in Ontario's environment and cleantech sector employing more than 226,000 people. These companies contribute more than \$25 billion annually to Ontario's economy including \$5.8 billion in exports. This is a growing sector that is expected to grow by at least nine percent by 2029.
- **We are an Enabling Industry Focused on Solutions:** ONEIA members are in the business of providing environmental solutions. These businesses purify our water, create new products from waste, reduce pollution and carbon emissions, remediate brownfields, design, manufacture, install and/or maintain sustainable solutions, provide environmental consulting and work in a range of other fields. They also help Ontario's municipal, industrial and commercial sectors transform into leaders in the circular economy.

RECOMMENDATIONS

***Recommendation:* Make Ontario a smart place for cleantech and environment sector investment.**

- Work with us to ensure that Ontario continues to be a jurisdiction where environment and cleantech companies want to invest and grow their businesses.
- Global competition for investment is intense, especially with the US Inflation Reduction Act and other similar green transition programs around the world. We do not want Ontario to miss out or fall behind this significant global shift in economies and societies.
- The Canadian government has implemented programs to help level the playing field, but Ontario needs to do more to maintain and attract private sector investment, including such things as investing in skills training for our sector.
- There are a number of specific areas where we can work together to design and support initiatives for clean energy and conservation that attract cleantech investment and jobs (keeping domestic and attracting international firms), and that will lower energy costs for consumers – now (at a time of high inflation and energy prices) and in the future.
- More needs to be done to reduce the roadblocks and increase processing capacity, to reduce the related time and cost required to develop and construct the necessary critical infrastructure in the waste management, water treatment, and renewable electricity sectors.
- We look forward to government consultations on clean energies and transition to consider impacts and improve Canadian/Ontario competitiveness for solar and other clean energies considering the IRA and its Department of Energy/Loan Program provisions.

***Recommendation:* Enable decarbonizing of electricity grids through significant investment in capital, materials and labour including support for the growth of developing and existing Ontario companies, and optimizing and implementing technologies and solutions.**

- The recent Ontario “Pathways to Decarbonization report” found that attaining a decarbonized electricity sector by 2050, alongside aggressive electrification, would require the Ontario electricity system to more than double the size it is today at an estimated cost of around \$400 billion, while another recent study estimated that the current labour force working on electricity infrastructure projects of about 14,000 could need to increase by a factor of six.

- The Ontario report also commented that while many of the technologies needed to decarbonize are already known and commercialized, others are still in development and that it will be important for Ontario to continue to invest in these innovations.
- We look forward to receiving updates and participating where appropriate with the government Ministries, agencies (e.g., IESO), and other initiatives such as the regional energy resource tables that the federal government has convened with the provinces, to strategize ways to achieve shared net-zero goals.

Recommendation: Build more homes faster and smarter by building on brownfields.

- Brownfields, vacant and underutilized sites where past uses may have left contamination, are a valuable land resource that we need to work together to maximize.
- Streamlining regulatory and municipal permitting processes to better facilitate the redevelopment of brownfields would help Ontario build more needed housing and create affordable housing, while also improving the environment.
- Brownfields require a Record of Site Condition (RSC) as part of the redevelopment process. Timelines to obtain approval of an RSC can vary and depend on the rounds of review by the Ministry of Environment, Conservation and Parks (MECP) for both RSC and Risk Assessment submissions. At times, repetitive resubmissions could be avoided through a more efficient means of communication between the reviewer and the environmental professional. Current guidance and ongoing communication from the MECP to environmental professionals is important to avoid repetitive and inconsistent commenting and additional field investigations.
- Additional MECP review staff are needed to review and approve record of site condition submissions to enable brownfields to be developed as residential lands faster.
- Training and workshops between provincial and municipal governments would reduce red tape between provincial regulation and municipal permitting processes.
- Clear, updated technical guidance is needed now to allow complete and accurate RA and RSC submissions to save repetitive rounds of review. It has been almost two years since comment periods closed on the drafts of several guidance documents. Publication of the finalized documents will answer questions before initial submissions, helping to address common problems that cause delays, such as inconsistent review comments and changes in requirements that have not been communicated in a timely manner.
- Ontario should also encourage the redevelopment of brownfields through more economic incentive vehicles to develop on brownfields. Financial incentives and programs encourage investment in sites where contamination has rendered the property vacant, under-utilized, unsafe, unproductive or abandoned.

Redevelopment of these properties will provide jobs, housing and infrastructure as well as on-going tax revenues.

- Several Ontario municipalities and cities currently provide grant programs to assist in incentivizing the remediation of eligible brownfield sites, however there is no province-wide brownfield incentive or grant program.
- Recommendations include tax incentives, tax exemptions, grants, loans and removal of arrears or liens and changes to CMHC funding structures.

***Recommendation:* Build smarter by building sustainably including using the least amount of resources, while reducing and eliminating fossil fuels, waste to landfill, water effluent and air emissions, as well as maintaining or improving the biodiversity of Ontario.**

- As we build more needed housing faster, let's make sure that we are building smarter by ensuring that what gets built is sustainable and minimizes the demand on existing and new infrastructure.
- New homes should be built to be water (e.g., efficient shower heads and faucets) and energy efficient (e.g., heat pumps and wastewater energy recovery) or net energy positive (e.g., solar and batteries). This will save homeowners money and could help de-escalate the urgent need for massive amounts of new infrastructure.

***Recommendation:* Build enabling infrastructure faster.**

- Municipal environmental infrastructure - such as water, wastewater, waste and energy - is needed to enable the building and development of housing and communities. These critical infrastructure projects are huge and complex and municipalities need financial and non-financial support to manage their development and operation.
- In addition, the government should enable and support the development and implementation of Distributed Energy Resources (DERs) that can provide faster and more resilient provision of energy.
- New initiatives such as the Ontario Infrastructure Bank and New Housing-Enabling Water Systems Fund should be designed to ensure the efficient and effective delivery of essential environmental infrastructure.

***Recommendation:* Build a future that is smarter and resilient.**

- As Ontario plans and builds communities and necessary infrastructure, let's build smarter and ensure that everything built is climate resilient and can withstand the demand of extreme weather such as heat, drought and floods.

- Investors and insurers are already employing climate-focused decision-making and climate-related disclosure is a quickly evolving space. Work with us on climate-friendly approaches to planning and development that create resilient infrastructure and communities, and encourage investment (e.g., restrictions around building in flood plains and natural flood mitigation areas, climate-informed decision-making support for developers and builders, support for build codes and other codes of practice).
- One of the challenges in building resilient infrastructure is incenting innovative technologies. Part of the problem is governments promoting fixed-price Design Build Operate & Maintain procurements that encourage the lowest bid and distinct new and innovative technologies that include digitization and AI. ONEIA recommends the Ontario government promote collaborative contracting as well as investigate ways to de-risk these technologies for municipalities to source for their environmental infrastructure.

***Recommendation:* Invest in training sessions and external resources to support the application of the Ontario Provincial Climate Change Impact Assessment (PCCIA)**

- Provide comments around PCCIA and what we would like to see coming out of it, requesting back-up information and training.
- Impacts are already being felt in the natural and built systems in Ontario, and more information and support is needed to enable accelerated action across multiple sectors. Climate-related impacts are anticipated in food security, energy security, water security, community function, human health, safety and well-being, with lasting impacts to the economy and society.
- The PCCIA provides an assessment of potential climate risks across sectors but is missing the promised external resources, including the PCCIA Adaptation Best Practices Report and the PCCIA Decision-making Supports. Without these external resources for guidance, meaningful action to reduce climate impacts in a consistent Ontario approach will be delayed, increasing costs in the future.
- Investments that are made now will save Ontario, municipalities and companies considerably more in recovery costs in the future, as a \$1 investment in resilient infrastructure now is estimated to save between \$3 and \$10 in recovery costs in the event that non-resilient infrastructure fails.
- The PCCIA outlines that strategic investment in resilience is important for plans for new infrastructure in Ontario, but more training and guidance is needed to understand the outcomes from PCCIA and incorporate them into planning and design, in a consistent Ontario approach.
- Collaborate with us on the training needs across multiple sectors, enabling our members and industry in Ontario to build a resilient future.

***Recommendation:* Prioritize the use of Circular Economy Principles during the policy and regulatory development process to support and incentivize waste resource recovery projects.**

- Ontario needs to build faster and smarter by capitalizing on opportunities to turn waste into products and energy. Doing so would help address landfill capacity challenges, reduce greenhouse gases, create local green jobs, encourage industry innovation and expand exports.
- Work with us to spur demand for provincially sourced recovered products (e.g. post-consumer and post-industrial plastic resins, organic-based agricultural products such as compost, recovered building products, and alternative low carbon fuel from wood waste) by developing tax-based, regulatory, or other policy mechanisms, and ways to encourage diversion of waste from the industrial, commercial, and institutional sector.
- Support generation of renewable energy forms (and concurrent carbon emission reduction) from waste (such as anaerobic digestion, biomass conversion, landfill gas upgrading & utilization to electricity and renewable natural gas) by providing adequate Investment Tax Credits and modernizing and accelerating the regulatory process to develop this infrastructure.
- Throughout government, encourage the use of Circular Economy principles during the policy and regulatory development process. Allocate funds to promote the growth of circular economy awareness through school and community educational initiatives.

***Recommendation:* Collaborate on a practical approach to mitigate climate and health impacts of PFAS.**

- PFAS are “forever chemicals,” a family of thousands of synthetic chemicals with widespread use that are extremely persistent in the environment and that are being found to have significant impacts to human health and the environment.
- The Government of Canada has issued federal guidelines and screening levels for certain PFAS in the environment. Canada is an active party to the Stockholm Convention for the phase out of some of these compounds and is currently considering activities that address PFAS as a class rather than as individual substances.
- Regulated standards for PFAS in the environment have been implemented in other provinces including British Columbia, Alberta and the Atlantic Provinces. PFAS have been regulated in several jurisdictions worldwide.
- Ontario lacks formal policy on PFAS. A programmatic regulatory approach, based on a solid cost-benefit analysis, has been found to be the most effective approach to managing PFAS based on what we have seen in other jurisdictions in the past decade. Work with us to develop sound, financially-sustainable, science-based policy for the management and phase out of PFAS at contaminated sites, as waste, within the organics/food stream, in drinking water (a direct means of protecting human health) and in products such as firefighting foams, consumer goods, and personal care products.

***Recommendation:* Work with the environment and cleantech sector to identify and address current and projected skills gaps and to help our sector get ahead of growing labour market challenges.**

- Finding talented skilled workers for the new jobs in the green economy, is a big and worsening challenge in our sector. Given that this is a high-growth industry and that we are anticipating a significant portion of our workforce to retire in the next few years, our challenge has the potential to become a crisis.
- Let's work together to ensure that doesn't happen by undertaking research to identify the current and projected skills gap so that we can develop a plan to ensure we have the workers we need.
- As the province and the country transition to a more sustainable economy, some workers may be displaced. Now is an excellent time to plan and implement retraining programs to incent and support this transition.