



## **Ontario environment companies concerned green economic opportunity at risk**

*Deloitte environment industry report calls for new ways to seize business opportunities*

**Toronto, April 29, 2009.** Ontario environment firms are concerned the province may miss a crucial opportunity in the coming years if business and government do not find new ways of working together, according to a new study conducted by Deloitte for the Ontario Environment Industry Association (ONEIA). The research finds companies are eager to capitalize on growing world demand for environmental services, products and technology, but are concerned industry and government need to work more cooperatively if this is to happen.

The research engaged a broad range of companies in the province's environment industry, including firms working in the areas of environmental engineering, alternative energy, recycling, waste processing, water purification, air quality and brownfields remediation. Firms say Ontario must quickly develop the optimal combination of focused regulations, pricing mechanisms and programs or risks ceding this important market to other jurisdictions in the world.

"Ontario has already started to move in the right direction," said Alex Gill, Executive Director of ONEIA. "We have great companies and a provincial government that has begun to put the right policies in place. But environment firms know we will have to work much more closely with government – and much more quickly – if Ontario is to become the world leader we know it can be."

Key findings of the report include:

### ***A good place to do business***

Overall, environment firms are optimistic about the opportunities to do business in the province. In fact, 47 per cent agreed or strongly agreed that Ontario is "a great place for environment companies to do business." They also believe they have good sources of well-trained and motivated employees, growing local markets for their products and services, and fair access to markets outside Ontario and Canada.

### ***Develop local demand first, then export markets***

In general, participating firms believe they have excellent access to export markets. In fact, study participants feel that many federal and provincial programs are excessively focused on exports and not enough on making the most of the home market. For example, only 35 per cent believe "advisory and other supports to help with exporting" would have a high impact on their success, while 63 per cent think "faster, guaranteed turnaround times on applications" to proceed with new development, technology and processes would have high impact. They suggest the best strategy to boost exports is to first develop local demand to provide scale and critical mass at home, which can then help improve competitiveness when they look to enter export markets.

### ***Regulatory environment a challenge***

Environment firms see Ontario's current regulatory system as the most significant challenge to growth. While they favour strong environmental protection for the public, they also believe

the rapidly changing needs of business demand greater regulatory flexibility. More than half the survey respondents (58%) believe government regulation does not keep pace with innovation.

***“Green” procurement an opportunity to grow industry at home***

The vast majority of survey respondents (84%) believe so-called “green procurement” requirements in government contracts would be beneficial to growing the environment sector in the province. They feel government can take a leadership role by becoming an early adopter of new technologies, and by setting efficiency, waste and emission targets for public contracts and public buildings.

***Market-based incentives seen as most effective***

More than four times as many study participants believe governments should emphasize environmental outcomes, rather than picking winning technologies, to encourage the purchase of environmentally friendly products and services. This includes mandating higher prices for potentially environmentally harmful behaviour to encourage such things as energy conservation, use of alternative energies, increased recycling and reduced waste.

“This study provides a clear path that will allow Ontario to take advantage of the emerging green economic opportunity,” said Ellen McGregor, CEO of Fielding Chemical Technologies, a leading recycling firm based in Mississauga. “But we must act quickly. We do not want to look back five years from now and say that other countries have developed the solutions the world needs and we have not.”

Ontario’s environment industry is made up of more than 2,700 firms across the province that employ more than 60,000 people. The world market for environmental goods, services and technology is expected to grow to over USD\$700 billion annually in coming years, offering a significant growth opportunity for Ontario companies.

The study, conducted by Deloitte, was commissioned by ONEIA in partnership with the Ontario Ministries of the Environment, Economic Development, and Research and Innovation, and the Ontario Centres of Excellence. The study used a combination of interviews, focus groups and a survey to engage more than 180 companies across the province in February and March 2009.

*ONEIA is the business association for Ontario’s environment industry. The Association’s members include environmental product, service and technology companies, research institutes, universities and governments. Through their innovation and experience in Ontario and around the world, ONEIA’s members provide market-driven solutions for society’s pressing environmental problems.*

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