



November 19, 2013

Attention:

Re: ED27.1 State of Manufacturing in Toronto (Collaborating for Competitiveness - Implementation Action 5)

Dear Economic Development Committee:

Firstly I would like to compliment the City of Toronto for its thoughtful approach to collaborating for competitiveness, economic growth and job creation. Manufacturing is an important and high value sector in Toronto, and is facing serious challenges.

Secondly, I am recommending that the City include within its competitiveness strategy, the use of an arm's length third party to deliver an on-site pollution prevention technical assistance program focusing on small and medium sized manufacturers (SMEs).

SMEs account for 99% of the manufacturing facilities in Canada, and given their specific characteristics, tend to cope with external regulatory and policy pressures differently. In particular, SMEs are limited in their capabilities to improve their environmental performance due to their limited financial, technical, and human resource capabilities for implementing adequate environmental measures.

The key reasons SMEs give as to why they tend to ignore pollution prevention planning requirements are:

- Lack of time (focus on short-term production);
- Lack of money (concerns about capital and operational costs); and
- Lack of technical knowledge and understanding.

Pollution prevention technical assistance programs in Canada and the United States help the SMEs to overcome the barriers of time, money and knowledge, and to adopt and implement pollution prevention plans. The participating facilities gained significant business value, and not only improved their environmental performance by reducing toxics and other priority

pollutants and wastes, but also reduced their costs and their business risks. Moreover, many obtained competitive advantage.

Over a thirteen year period, the former Ontario-wide pollution prevention technical assistance program which had been administered by a not-for-profit agency helped 85 manufacturing facilities throughout the province to “optimize their processes”. Ninety percent of these clients implemented all or most of their pollution prevention projects. Their improved environmental performance as measured by reductions in toxics to air and water, waste, energy and water consumption, and greenhouse gases, was mirrored with improved financial and economic performance - \$9.4 million cost savings with an aggregated payback of 12 months.

During the same thirteen year period, the program assisted fifty Toronto-based facilities to improve their environmental and economic performance. The Toronto-based clients realized \$4.8 million cost savings with an aggregated payback of 9 months.

The use of an arm’s length delivery agent provides two key benefits for government funders:

- It addresses SME fears that participation in a government run technical assistance program could open the company to compliance inspections and/or requirements to meet abatement schedules that could bankrupt the company; and
- It protects the government from being unable to enforce if it previously had given technical advice to a regulated facility.

The bottom line benefits to the governments that have third party pollution prevention technical assistance programs are clear -- better environmental and economic performance by SMEs within their jurisdictions. Further, the governments gained economically since the implementation of pollution prevention measures by manufactures (such as process changes and equipment modifications) resulted in corporate taxes and concomitant revenue gains for the governments.

Insights from client exit interviews show the value articulated with regards to their business case benefits of pollution prevention technical assistance:

- General Manager, Metal Finisher
Our key drivers are to meet the requirements of my current customers and access future markets with greater profit margins. Implementation of toxic reduction/pollution prevention will give us a competitive advantage
- Director Finance, Food Processing
We are marketing our company as a sustainable enterprise and we need to be credible, to have the facts back up our marketing story. Working through the pollution prevention and toxic reduction planning helped break down our “silos”

In closing, I am recommending that the City include within its competitiveness strategy, the use of an arm's length third party to deliver an on-site pollution prevention technical assistance program focusing on small and medium sized manufacturers (SMEs).

Best regards

A handwritten signature in cursive script that reads "Fred Granek".

Fred Granek
President, Canadian Centre for Pollution Prevention (C2P2)