

New Substances Fees Regulations: Environment Canada's Response to Stakeholder Comments

| Comment | Environment Canada Response |
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| 1. The New Substances Notification (NSN) program does not qualify for cost recovery, according to Treasury Board's <i>Cost Recovery and Charging Policy</i> . | Treasury Board Secretariat (TBS) has advised that the proposed cost recovery regime for new substance notifications is not at variance with the <i>Cost Recovery and Charging Policy</i> . |
| 2. NSN fees should not be implemented until the Treasury Board Review of the <i>Cost Recovery and Charging Policy</i> has been completed, and the issue of group benefit dealt with openly. | <p>TBS has advised that the current <i>Cost Recovery and Charging Policy</i> is still in effect, and that the current review of this policy does not mean that new cost recovery initiatives cannot be put in place.</p> <p>In accordance with TBS recommendation, EC has strengthened its explanation of how it addresses, like other cost recovery programs, benefits that at some point become shared with others in a select group.</p> <p>Preliminary review of proposed revisions to the policy appear to strengthen EC's rationale by eliminating the need to distinguish between private and public benefits. Thus, change to the <i>Fees Regulations</i> will not be required when the Policy is changed.</p> |
| 3. NSN fees will not be applied in a fair manner. (A substance that is listed on the Domestic Substances List is available for use by all Canadian industry, as well as foreign suppliers. Company notifying new substance for first time will be penalized to the benefit of others.) | CEPA could have been designed such that only notifiers have access to the substances they notify. However, it has been industry's preference to allow addition of these substances onto the Domestic Substances List, as the mutual benefit of placing substances on the public inventory outweighs benefits of instituting a "protected" inventory. |
| 4. NSN fees will add to the cumulative burden facing the Canadian chemical sector, further impeding industrial innovation, productivity and competitiveness. (Program fees will constrain the introduction of new chemicals into Canadian commerce. Concern that NSN fees will result in lower investment by the chemical sector in Canada and adversely affect our competitiveness, and | A study was carried out to determine the impact of a proposed cost recovery initiative for NSN. Findings from this study have assisted in developing the actual cost recovery proposal. The study concluded that, overall, the original proposed fees would have resulted in a relatively minor decrease of less than 0.5% of total sales. Subsequent adjustments to the fee structure were considered in order to |

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| will lead to a further reduction in the number of new substances available for use in manufacturing in Canada.) | decrease the total impact of the proposed <i>Fees Regulations</i> , including a reduction or increase of the notification fees for specific schedules, an increase of the Canadian annual threshold for SMEs, the implementation of the Four Corners Agreement, and the assurance that any fee combinations will not exceed \$3,500. These measures help to alleviate the already minor contribution of the proposed fees to the cumulative burden facing the Canadian chemical sector. |
| 5. The RIAS published by Environment Canada in the Canada Gazette on June 30, 2001, contains factual errors and misunderstandings about the market realities of the Canadian chemical sector. It is not a solid basis for making such a significant change to the Treasury Board policy. | Text in the RIAS found to be contentious has been clarified and the necessary minor modifications have been made. |
| 6. Recent listing of other Federal Acts and Regulations in the CEPA 1999 in Schedules 2 and 4 means that those stakeholders covered by Acts not included in the listing are now subject to fees without the RIAS taking these substances into account. Industry associations regulated by the Food & Drugs Act were not part of the consultations. | The fact that stakeholders covered by Acts not included in the listing were never consulted on the <i>Fees Regulations</i> is acknowledged. CEPA 1999 allows for exemptions of any persons or classes of persons from the requirement to pay fees, under section 328 (1)(c). Considering it was never the Government's intent that notifications for new uses regulated under other Acts would be captured by the <i>Fees Regulations</i> , the following exclusion will be factored in the <i>Fees Regulations</i> : "any person who proposes to manufacture or import a new substance for a use that is regulated under any other Act of Parliament including, without limiting the generality of the foregoing, the <i>Food and Drugs Act</i> , the <i>Fisheries Act</i> and the <i>Health of Animals Act</i> ." |
| 7. Want mutual recognition of New Substance assessments with US prior to implementation of cost recovery. | Harmonization with other jurisdictions is a long-term goal for the New Substances Program, and Environment Canada is working to achieve results in this area. |
| 8. Environment Canada should outline how the fee structure will be changed or adjusted in the future. | The fee structure will be adjusted if required and as any amendments are made to the <i>New Substances Notification Regulations</i> . An evaluation framework will be developed by an Advisory Panel in the |

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| | <p>year following the implementation of the <i>Fees Regulations</i>. The Advisory Panel will include representatives from EC, HC, the ICG and possibly other interested parties. Using this framework, a review will be conducted, in consultation with stakeholders, primarily to reexamine the fee structure. The Panel's second objective will be to further explore opportunities for improving program effectiveness and efficiency.</p> |