

Tracking Federal Regulatory Initiatives

Regulatory Affairs

VOL. 3, No. 16

May 3, 1997

Circulate to:	HIGHLIGHTS
1.	Proposed Regulations
2.	Limits on benzene content in gasolines in Canada proposed 1-3
3.	Exempt from Pre-Publication and Approved
4.	Extended interest relief period for student loans approved 5
5.	Two pilot projects on employment insurance benefits approved 6
	Ministerial Orders, Approved
	Changes to military pension benefits approved 7-8

Proposed Regulations for Pre-Publication in Part I, Canada Gazette	Statutory Authority & Regulatory Plan Listing
---	--

Benzene in Gasoline Regulations, 1997

The proposed regulations would introduce a freeze on the Benzene Emissions Number (BEN) and caps on the levels of benzene in gasolines, in order to reduce releases of benzene, a known human carcinogen, from gasoline-powered vehicles by improving the environmental performance of Canadian gasoline.

More specifically, the proposed regulations would limit benzene in gasoline to 1% by volume with the option for primary suppliers to meet a 0.95% by volume yearly pool average with a never-to-be-exceeded cap of 1.5% by volume.

The regulations, which require reporting of certain information by Jan. 1, 1998 and compliance by Jan. 1, 1999, also include controls on a calculated number called the benzene emissions number (BEN), which relates gasoline composition to estimated emissions of benzene from vehicles. These are intended to prevent any deterioration of benzene emissions after accounting for the reduction of benzene in gasoline.

The proposed regulation is structured so that it can easily be amended to address additional substances from the second Priority Substances List (PSL2) (i.e. 1,3-butadiene, formaldehyde and acetaldehyde) should they be determined to be "toxic" under CEPA in the future.

Canadian Environmental Protection Act, Sections 34 and 87

EC/96-9-M

To be published in Canada Gazette May 3, 1997

Proposed Regulations

for Pre-Publication in Part I, Canada Gazette

Statutory Authority
&
Regulatory Plan Listing

Benzene was determined to be toxic under the *Canadian Environmental Protection Act* (CEPA) on January 22, 1994.

The Minister of the Environment announced in July, 1995 the government's intention to limit the benzene content of gasoline to 1% by volume.

The proposed regulations represent the first step by the federal government to fulfil the decision by the federal-provincial Council of Ministers of Energy and the Environment (CCME) to establish a regulated national standard for gasoline in Canada. Specifically, gasoline supplied in Canada will be reformulated by reducing the content of benzene and by establishing standards for gasoline quality as it relates to benzene via the introduction of the "benzene emission number", or BEN.

The proposed regulations also lay the groundwork for the introduction of requirements for sulphur and PSL2 toxic substances once appropriate levels are established.

Finally, the regulations provide for monitoring the level of orefins in gasoline. Tailpipe emissions of 1,3-butadienne, a substance being assessed as part of the PSL2 process, are related to the level of orefins in gasoline.

The regulations would prohibit "primary suppliers" from supplying gasoline with benzene levels or a BENs exceeding the limits set out in the regulations. The compliance date for benzene and the benzene emissions number is January 1, 1999. "Primary suppliers" are defined as producers, importers or blenders of gasoline in Canada. Primary suppliers may elect to either meet the limits for each batch of gasoline or to opt for a lower yearly pool average for either benzene or BEN.

Primary suppliers that elect to meet the compositional requirements of the regulations on the basis of a yearly pool average would be subject to more extensive administrative requirements. These additional requirements include providing the Minister with a compliance plan, more detailed records on the composition of the gasoline supplied, and engaging an independent person to audit records and procedures. These features are required in order to enforce the yearly pool average.

The regulations would not apply to gasoline supplied for export, in transit through Canada, or for use in aircraft, scientific research or a sanctioned competitive event. Reformulated gasoline produced in the U.S. under EPA or California regulations can be imported into Canada without further processing or testing. Oxygenates or butane could be added to gasoline that meets the compositional requirements of the regulation without further testing. (The addition of oxygenates and butane tends to reduce emissions of benzene by dilution).

The regulations would require all primary suppliers to submit the information outlined in schedule II ("Registration Form") to the Minister of the Environment by January 1, 1998. Every primary supplier is required to submit to the Minister the information set out in schedule II ("Report Form") for each calendar quarter during which gasoline is supplied. In 2003 and thereafter primary suppliers are required to submit this report only once per year.

Finally, the regulations would prohibit the sale or the offer of sale of gasoline that contains benzene at concentrations exceeding 1.5% by volume. The compliance date in this regard is April 1, 1999. The compliance date for sale is three months after the compliance date for supply to allow pre-regulation gasoline to make its way through the distribution system.

The regulation would also require primary suppliers of gasoline to report the level of orefins. This monitoring program will provide important information to assess the potential need for future action with respect to orefins.

Proposed Regulations

for Pre-Publication in Part I, Canada Gazette

Statutory Authority
&
Regulatory Plan Listing

The proposed regulations do not impose any restrictions on sulphur levels in gasoline. It was determined that no suitable authority presently exists under the current CEPA to fulfil the CCME's recommendation to freeze sulphur levels. Assessments to determine a future limit for sulphur in gasoline are presently being carried out as was mandated by the CCME.

The compositional requirements of the regulations come into effect as of January 1, 1999. During consultations with stakeholders, industry indicated that companies will need approximately 21 months lead-time to ensure that the required changes to facilities were in place and operational prior to the compliance deadline. Recognizing industry's need for sufficient lead-time and depending on the final date of promulgation, Environment Canada may revise the compliance dates in the final regulation.

Nationally, gasoline-powered vehicles contribute approximately 56% of benzene emissions.

The regulations to control benzene levels in gasoline is expected to reduce annual emissions of benzene by about 3,000 tonnes per year starting in 1999. This represents about 15% of benzene emissions from all gasoline-powered vehicles or 9% of total anthropogenic emissions in Canada. According to Environment Canada, this should result in lower ambient levels of benzene (currently averaging about 4 mg/m³) particularly in urban areas.

Environment Canada, is assessing the benefits of the proposals, suggests that refiners may be able to increase their profit margins when they raise prices to reflect the higher costs of producing lower benzene-content gasolines. Refiners in Quebec and Eastern Canada might also benefit through protection from dumped, lower-cost, high-benzene-content gasolines from the U.S. This could also raise profit margins.

The CCME work estimated the incremental step of benzene reduction to cost approximately \$139 million of capital expenditures and \$52 million per year operating expenses. This translates into approximately \$75 million per year combined capital and operating costs (based on a 10% after tax rate of return) or 0.2 cents per litre of gasoline. The total costs of the first three gasoline reformulation steps was estimated to be \$179 million per annum, or 0.5 cents per litre.

The first Priority Substances List, published in the *Canada Gazette, Part I*, on February 11, 1989 (p.543) under the *Canadian Environmental Protection Act (1988)*, identified 44 substances for which priority was to be given in assessing whether they are "toxic or capable of becoming toxic" according to the definition specified in section 11 of the Act. A synopsis of the results of the benzene assessment were published in the *Canada Gazette, Part I*, January 22, 1994 (p 472).

The Minister of the Environment and the Minister of Health concluded that benzene is a substance entering the environment in a quantity or concentration or under conditions that may constitute a danger to human life or health in Canada. Therefore, benzene is considered to be "toxic" as defined under section 11 of the *Canadian Environmental Protection Act (CEPA)*. The *Priority Substances List Assessment Report* for benzene states that the objective with respect to a non-threshold toxicant is to reduce exposure whenever possible.

Contacts: Ross White, Oil, Gas and Energy Division, Air Pollution Prevention Directorate, Environment Canada, Hull, Quebec, K1A 0H3. Tel: 819-953-1120; Fax: 819-953-8903. Arthur Sheffield, Regulatory and Economic Assessment Branch, Regulatory Affairs and Program, Integration Directorate, Environment Canada, Hull, Quebec, K1A 0H3. Tel: 819-953-1172.

Exempt from Pre-Publication and Approved

Statutory Authority & Regulatory Plan Listing

Ontario Fishery Regulations, 1989, amendment (SOR/97-248, OIC 1997-699)

The regulations make a number of changes to catch limits and restrict the equipment that can be used, to balance concerns for conservation and the health of the fishery with continued access to fisheries resources.

More specifically, the regulations introduce:

- restrictions in Lake Nipigon on the use of stringers, live baskets and holding pens, artificial lures and on the possession of live brook trout or lake trout. These changes are designed to protect lake trout and brook trout populations. With size limits in place for lake trout, high release rates will occur. Still fishing with organic baits results in swallowed hooks, reducing the chances of survival following release. Requiring the use of artificial lures in the winter and barbless hooks year round will increase the survival rate of released fish. The restriction on the possession of live brook trout and lake trout is to ensure that sorting does not occur and to ensure that a decision as to whether a fish will be kept or released is made at the time of capture.
- a catch limit of 50 and a possession limit of 100 for yellow perch for Lake Simcoe and associated waters, in order to reduce fishing pressure on yellow perch stocks while continuing to allow a significant angling opportunity.
- a catch limit of 100 and a possession limit of 200 and a closed season of April 1 to the Friday before the second Saturday in May for yellow perch for Lake St. Francis and associated waters. The intention is to achieve a 30% reduction in the harvest of yellow perch, in order to significantly increase the proportion of large yellow perch in the catch over time.

Contact: Andrew Houser, Director, Fish and Wildlife Branch, Ontario Ministry of Natural Resources, P.O. Box 7000, Peterborough, Ontario, K9J 8M5. Tel: 705-755-1909; Fax: 705-755-1900.

Manitoba Fishery Regulations, 1987, amendment (SOR/97-249, OIC 1997-700)

These amendments, made at the request of the Province of Manitoba, extends the authority to engage in sport fishing without a Manitoba licence to fishers from Ontario or Saskatchewan who are authorized to sport fish without a licence in their own province. The extension applies to waters bordering Manitoba and either Ontario or Saskatchewan, as appropriate.

Other amendments include:

- a reduction in the possession limit for fishers who hold Conservation Sport Fishing licences to the same amount of fish as they can catch and retain in one day. Under the previous regulations, it was difficult to deal with claims that fish that exceeded the daily catch limit were caught the previous day.
- the exclusion of carp from the list of rough fish, while still allowing for the sport fishing of carp by a dip net.
- a change to March 15 in the deadline for removal of ice fishing shelters from the Red River.
- the addition or deletion of water bodies to or from the lists of water bodies to which specific conservation measures apply. This action was determined necessary by the province.

Contact: Sherman Fraser, Fisheries Branch, Manitoba Department of Natural Resources, 1495 St. James Street, Winnipeg, Manitoba, R3H 0W9. Tel: 204-945-7806.

*Fisheries Act, R.S 14,
section 43*

F&O/97-6-I

To be published in Canada Gazette May 14, 1997

*Fisheries Act, R.S., c. F
14, section 43*

F&O/97-6-I

To be published in Canada Gazette May 14, 1997

Exempt from Pre-Publication and Approved

Statutory Authority & Regulatory Plan Listing

Canada Student Financial Assistance Regulations, amendment (SOR/97-250, OIC 1997-701); Canada Student Loans Regulations, amendment (SOR/97-251, OIC 1997-702)

These amendments extend the Interest Relief period from 18 months to 30 months under the two regulations, for students who are experiencing difficulty in repaying their student loans due to unemployment or low income after they have ceased to be full-time students.

Borrowers who have already exhausted their 18 months of Interest Relief will also be able to apply for an additional 12 months of Relief, subject to other eligibility criteria, including the criterion that they submit their application within the first five years of repayment and their loans are in good standing.

The interest relief was announced in the 1997 Federal Budget. The Interest Relief Plan is administered by lenders and the federal government pays the interest on the loan during Interest Relief.

Human Resources Development Canada estimates that the extension of Interest Relief will assist several thousand borrowers in 1997-98. The Budget identified a cost of up to \$20 million for this initiative for 1997-98.

Together with the existing six-month post-school grace period, this improvement to the Interest Relief Plan will provide Canada student loan borrowers in financial difficulty, with up to three years protection from default. This will benefit students who sometimes face longer school-to-work transitions and periods of unemployment and underemployment than in the past.

Some provinces have noted that the change to the federal plan could put pressure on them to expand or introduce Interest Relief for their loan programs.

Members of the National Advisory Group on Student Financial Assistance (NAGSFA) responded positively to the Interest Relief changes but reiterated their support for more substantive improvements such as new grant programs and the need to adjust the income threshold for Interest Relief to allow more borrowers to qualify.

Contact: Kalpana Prasad, Policy Analyst, Canada Student Loans Program Policy, Learning and Literacy Directorate, Human Resources Development Canada, 25 Eddy Street, 10th Floor, Hull, Quebec, K1A 0M5. Tel: 819-953-9733; Fax: 819-953-8147.

Retirement Compensation Arrangements Regulations, No. 1, amendment (SOR/97-252, OIC 1997-703)

These amendments ensure that individuals who are entitled to a transfer value under the *Public Service Superannuation Act* are also entitled to benefits under these regulations.

The *Budget Implementation Act, 1996* which received Royal Assent on June 20, 1996 included an amendment to the *Public Service Superannuation Act* which allows employees who leave the federal public service before becoming entitled to a pension to transfer the lump sum value of their earned pension to another pension plan, retirement savings vehicle or to purchase an annuity. In order to pay the transfer value benefits, the *Public Service Superannuation Regulations* were amended to set out the manner of calculation and eligibility for payment of the transfer value benefit.

Contact: Joanne F. Lee, Director, Pensions Legislation Development Group, Pensions Division, Treasury Board Secretariat, Ottawa, Ontario, K1A 0R5. Tel: 613-952-3233; Fax: 613-952-3240.

Canada Student Financial Assistance Act, paragraph 15(n); *Canada Student Loans Act*, section 11

HRDC/97-6-I

To be published in *Canada Gazette* May 14, 1997

Special Retirement Arrangements Act, sections 11, 13 and 15, subsection 28(1)

Not included in Regulatory Plan

To be published in *Canada Gazette* May 14, 1997

Exempt from Pre-Publication and Approved

Statutory Authority & Regulatory Plan Listing

Employment Insurance Regulations, amendment (SOR/97-245, OIC 1997-687)

Employment Insurance Act, section 109

The amendments will establish the rules for calculating benefits under two pilot projects: The Temporary Adjustment Project for the Exclusion of Low-earning Weeks in the Calculation of Weekly Benefit Rates (section 77.1) and the Temporary Adjustment Project for the Consolidation of Low-earning Weeks and Regular-earning Weeks in the Calculation of Weekly Benefit Rates (section 77.2).

Not included in Regulatory Plan

The two pilot projects are designed to evaluate the impact of reducing the effect that small weeks of earnings (less than \$150) have upon the calculation of a claimant's weekly benefit rate.

To be published in Canada Gazette May 14, 1997

The first project will exclude (commonly called "ignoring") small weeks from the averaging process upon which the calculation of weekly benefit rate is based. This will result in a higher benefit rate than would have otherwise been the case.

The second will consolidate (commonly called "bundling") small weeks into other weeks with higher earnings attributed to them before the averaging process, thereby resulting in a higher weekly benefit rate than would have otherwise been the case.

The pilot projects will start on May 4, 1997 and were chosen to run in 15 economic regions. A second phase of the projects will begin on August 31, 1997 and will run in 14 additional regions. The respective regions and their start dates are indicated in the regulatory text.

The projects will run for up to 18 months in various economic regions across Canada and they will cease to apply with claims set up after November 14, 1998.

The operation of these pilot projects will only affect the calculation of weekly benefit rates. They will not affect any other aspect of entitlement. The earnings from small weeks will still be deducted from EI benefits, if the claimant is on claim. In addition, all hours of work will still be used to see if a claimant has enough hours to set up a claim and to see for how many weeks of benefits the claim should last.

The regulatory amendments come into effect May 4, 1997.

The benefit cost of implementing the pilot projects is estimated to be \$107 million for 1997-98, \$127 million for 1998-99 and \$13 million for 1999-2000 and it will be funded from within the current Employment Insurance and related transitional measures budget. The total operating costs are expected to be \$21 million for the whole course of the projects, of which \$7 million can be absorbed internally and \$14 million requires incremental administrative resources.

Contact: Glenn Ramsay, Senior Policy Advisor, Policy and Legislation Development, Insurance, Human Resources Development, Canada, 140 Promenade du Portage, 11th Floor, Ottawa, Ontario, K1A 0J9. Tel: 819-994-6044; Fax: 819-953-9381. On the project: Andrea Martin, Chief, Service Delivery Support, Insurance Program Services, Insurance, Human Resources Development, Canada, 140 Promenade du Portage, 11th Floor, Ottawa, Ontario, K1A 0J9, Tel.: 819-953-2363; Fax: 819-997-8640.

Pre-Published and Approved No comments or changes

Statutory Authority & Regulatory Plan Listing

Atlantic Fishery Regulations, 1985, amendment (SOR/97-253, OIC 1997-708); Maritime Provinces Fishery Regulations, amendment (SOR/97-246, OIC 1997-697); Pacific Fishery Regulations, 1993, amendment (SOR/97-247, OIC 1997-698)

Fisheries Act, R.S. 1985, c. F-14, section 43

Not included in Regulatory Plan

The amendments eliminate regulatory problems associated with aquaculture, namely the prohibition on the harvesting/handling and sale of undersized shellfish and the jaw tagging of farmed Atlantic salmon.

To be published in Canada Gazette May 14, 1997

The size restrictions on Pacific clams under the *Pacific Fishery Regulations, 1993* and the prohibition on sale of undersized cultured oysters under the *Maritime Provinces Fishery Regulations* are also removed.

The regulations also exempt farmed salmon from the requirement to be jaw-tagged.

The regulations were pre-published in the Canada Gazette, Part I, on January 4, 1997 (see *Regulatory Affairs*, Vol. 3, No. 2, p. 2, January 21, 1997).

Contact: Deborah Lawrence, Senior Policy Analyst, Aquaculture, Department of Fisheries and Oceans, 200 Kent Street, Station 1160, Ottawa, Ontario, K1A 0E6. Tel: 613-993-2152; Fax: 990-9574.

Ministerial Orders Approved

Statutory Authority & Regulatory Plan Listing

Canadian Turkey Marketing Quota Regulations, 1990, amendment (SOR/97-244)

Farm Products Agencies Act, paragraph 22(1)(f); *Canadian Turkey Marketing Agency Proclamation*, C.R.C., c. 647, section 2, Part II

The schedule to the Regulations is replaced with new limitations to be applied when determining the market allotment of a turkey producer or when issuing a new market allotment within a province during the control period between May 1, 1997 and April 30, 1998.

Not included in Regulatory Plan

More specifically, the new allotments, by province and in pounds of turkey, are set as follows: Ontario, 120,225,461; Quebec, 62,206,271; Nova Scotia, 7,800,148; New Brunswick, 5,377,462; Manitoba, 20,383,088; British Columbia, 32,137,036; Saskatchewan, 10,367,079; and Alberta, 24,332,323. The total allotment nationally for the period is 282,828,868 pounds of turkey, down from 295,104,823 previously.

To be published in Canada Gazette May 14, 1997

The amended regulations came into force on April 25, 1997.

Canadian Forces Superannuation Regulations, amendment (SOR/97-255)

Canadian Forces Superannuation Act, paragraph 73(1)(b) and section 80 of the; *Financial Administration Act*, paragraph 7(2)(b)

These changes will establish additional limits on the Canadian Forces Superannuation Plan, in order to bring it into compliance with the provisions for employer-sponsored pension plans under the *Income Tax Act* and Regulations. These limits are designed to allow special tax treatment for such plans.

Not included in Regulatory Plan

More specifically, the regulatory amendments will impose the following limitations on existing statutory provisions:

- restrict periods of leave without pay which can be counted as pensionable service;
- amend the definition of "child";
- require Revenue Canada certification for past services purchases; and
- limit the survivor benefits payable.

To be published in Canada Gazette May 14, 1997

Ministerial Orders Approved

Statutory Authority
&
Regulatory Plan Listing

In addition, there is one housekeeping amendment which is editorial in nature. This amendment makes no material change to the existing regulations and simply clarifies the English version of Section 2.4 of Form 1 to Schedule II of the Canadian Forces Superannuation Regulations.

Contact: C.R. Horne, Department of National Defence, Ottawa, Ontario, K1A 0K2. Tel: 613-996-3062.

Regulatory Affairs

ISSN 1201-0716

© 1997 J-K Carruthers Ltd.



9 771201 071007

Editor: Mary Ferguson

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher.

Please send any questions or comments c/o the Editor, J-K Carruthers Ltd., R.R. #1, Perth, Ontario, K7H 3C3, Telephone (613) 267-3890, Fax (613) 267-6727. Visit our Web Pages at www.carruthers.com.