Cement Association of Canada

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Submission: Pre-budget Consultations
Standing Committee on Finance and Economic Affairs
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The Cement Association of Canada is the voice of Canada's cement industry whose members include CRH Canada, Lehigh Hanson Canada, Lafarge Canada, St. Marys Cement, and Federal White. All of our companies are vertically integrated, meaning they produce cement, concrete and aggregates. With operations in virtually every community across Ontario, we generate over $25 billion in economic activity and employ over 54,000 Ontarians in good paying jobs.

Our industry has actively supported the government's 'open for business' consultations, offering ideas to help reduce red tape and create opportunities for a strong innovative economy. We have, in particular, appreciated our recent collaborations with Minister Yurek and Minister Mulroney, focused on delivering on some of the ideas I will present below.

In our submission we would like to focus on three core messages.

1) Invest in Infrastructure

First, invest in infrastructure. From Queen's Park in downtown Toronto, where record number of cranes can be seen, it may seem like the construction industry is booming. In reality, cement and concrete, a key economic weathervane, have been suffering from a protracted period of lackluster growth.

While the federal government promised a generational investment in the renewal of infrastructure across the country, we have yet to see that investment translate into real projects and jobs on the ground. Our number one recommendation is to leverage Ontario's share of the promised federal dollars to boost the provincial economy while providing much needed infrastructure renewal to communities across the province.

2) Build Smarter

Second, we advocate for a modernized infrastructure procurement system. Too often, decisions are made on a "first cost" basis, ignoring that a cheap sticker price often results in lower value and greater costs in the future. We champion a taxpayer value driven framework we call a "three-screen" lifecycle approach. This includes performing a full lifecycle cost assessment to secure long-term value and performance; a comprehensive carbon assessment to promote low cost green solutions; and an assessment of "best available solutions" to attract innovations and help make Ontario a leader in infrastructure-based solutions to community wellbeing and prosperity.

For example, Portland-Limestone cement is a cement that reduces GHGs by 10% at <u>no cost premium</u>. It could avoid 300,000 tonnes of GHGs per year in Ontario and has been used in Europe for over 30 years. But our current procurement system continues to favour the status quo over innovation, missing win-win opportunities to return greater value to the taxpayer.

Similarly, robust and transparent lifecycle assessment can help governments make more balanced decisions about sector specific investments and supports. For example, the government of Ontario provides significant incentives to the forestry industry in part because of assumptions about the role of wood products in combating climate change. A thorough review of the science however demonstrates that a more balanced approach is warranted. A recent report by the International Institute for Sustainable Development (IISD) found that up to 72% of a wood product's carbon footprint is not accounted for at all in current analyses (i.e. the biogenic carbon impacts of forestry). These "Emissions Omissions" challenge prevailing assumptions about the environmental benefits of wood products and imply that the current support the forest industry receives may be disproportionate with the expected benefits. More transparent and scientifically rigorous lifecycle assessment could help the province more accurately and equitably invest in industrial innovations toward meeting GHG and other priority objectives.

3) Reducing Red Tape

Finally, as we have noted in our submissions on red tape reduction initiatives, we see streamlined regulation as an important opportunity to bolster our industry's competitiveness and address other societal priorities like climate change.

For example, we strive to eliminate the use of coal and other fossil fuels in our Ontario facilities by substituting these fuels with cleaner, lower carbon alternatives derived from non-recyclable wastes. In BC, permits to use such fuels take about two weeks. In Ontario, securing a permit to just test one of these fuels can take up to three years and $8 million dollars.

Adopting a BC style system in Ontario would:

- attract significant investment to our facilities
- support local jobs by directing operating dollars away from imported coal toward locally sourced fuels;
- enhance the province's ambitious waste reduction and recycling goals; and
- provide a cost competitive tool to reduce GHG emissions at no cost to the taxpayer.

Globally, there are many examples of cement facilities replacing well over half of their fossil fuel use with cleaner alternatives. Achieving this same level of fuel replacement across Canada would:

- reduce GHG emissions from cement facilities by about 2,000,000 tonnes per year - 500,000 tonnes in Ontario alone;
- keep 2-3% of Ontario's non-recyclable waste from landfills, without compromising, and in fact enhancing, the province's ambitious waste reduction and recycling goals.

The regulatory regime in Ontario governing the issuance of permits for using or even simply testing these fuel remains onerous and fraught with uncertainty. Put simply, our companies will remain hesitant to invest significantly in the infrastructure needed to secure, process and use alternative fuels if there remains uncertainty about whether regulatory approval will be granted.

Conclusion
Thank you for providing the opportunity to make a submission to the Finance and Economic Committee's 2020 pre-budget consultations. We have outlined our three core messages that we believe are significant opportunities for Ontario to increase jobs, competitiveness, and investment in Ontario.

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