Cement Association of Canada

Cement Association of Canada Budget Submission

ONTARIO STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

January 25, 2022

The Cement Association is the voice of Canada's cement industry whose members include five companies with major facilities in Ontario: Ash Grove (formerly known as CRH Canada), Lehigh Hanson Canada, Lafarge Canada, St. Marys Cement, and Federal White. All 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.

The last couple of years have been challenging for many industries in our province and country. Our industry faced significant challenges ensuring workers remained safe and healthy in the face of numerous waves of the pandemic but strived to live up to our "essential" designation.

Cement and concrete were indeed essential components of many public health projects throughout the province and contributed to ensuring other public infrastructure like transit continued to move. We aided private sector through the unexpected demand in residential construction. Together with the construction industry, we helped ensure many jobs and families continued to be supported in Ontario of which we are immensely proud.

That said, the Covid pandemic exposed many pre-existing structural issues including shortage of workers in the trades, the volatility of material prices, most so with lumber and steel building products, but also significant challenges to the supply chain and sourcing basic materials to complete projects. Of course, we must not overlook that some construction segments are still well below pre-Covid levels, such as industrial and commercial.

We applaud the government's rapid response to finding innovative ways to accelerate the uptake of workers in the trades. This is critical work as construction positions are still much lower than March 2020 and many people are leaving the trades due to retirement, health or other reasons. We cannot meet the current or future needs for building our communities without more skilled workers, along with a more diverse workforce that better represents Ontarians as a whole. On the supply side, it took a lot of coordination between the cement and concrete industry and customers working together to address demand and ensure that construction kept going. Moving forward, you can rest assured that Ontario's cement companies are prepared to meet demand for our customers.

Looking at the government's capital spending plans we feel a sense of optimism that construction will continue to be a leading sector contributing to Ontario's post-

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pandemic economic recovery. More so given the expected rise of interest rates and the residential sector returning to lower levels.

Investment in infrastructure and construction is the quickest, most reliable engine for economic recovery and should be the foundation of stimulus efforts. Construction creates local jobs, using local resources and builds the infrastructure at the heart of modern economies.

Last year our budget ask was simple, invest in funding for infrastructure and transportation to get construction back in operation and employees back to work. We commend the government for accelerating projects into the 2020/2021 season to stimulate construction and for an infrastructure commitment of $145 billion over ten years. This year we build on that request and ask that the **government commit to a robust, predictable medium-term infrastructure investment spend.** A predictable funding plan for the next three-to-five years provides the certainty required for employers and contractors to help drive the Ontario economy.

With recent economic outlooks downgraded from where they were just a few months ago before Omicron, it is more important than ever to ensure that the provincial government does not take its foot off the gas on infrastructure investment. At the same time, negotiations between the federal government and the province need to put the same pressure on the federal government to accelerate the timeline of infrastructure funding and designated projects.

As the government looks at its infrastructure investment, we request that efforts be taken to spread the spending out across the province. While investment in large urban centres is vitally important, we have also witnessed the growth of smaller communities as individuals and families relocate during the pandemic. Little has been raised about the infrastructure required in these communities to accommodate this influx of new people.

At the same time, we encourage the government to assess the state of the numerous small and medium sized businesses that are crucial to completing jobs. Some of these companies have faced significant financial hardship through the pandemic, piled on debt, may have survived through government support programs but never expected to be in a fifth wave of the pandemic with no end in sight. Once again, we applaud the provincial support programs to help small and medium sized businesses, but we need to continue to assess their condition and support them when necessary.

Finally, climate change is among the most significant competitiveness opportunities, as well as one of the biggest risks, for our sector. We are intensely focused on low carbon innovations that allow us to compete more effectively, particularly in export markets that do not face similar climate policy costs. As an industry, we will be releasing our Roadmap to Net-Zero-Carbon Concrete in the next few months.

We also want to thank the government for their recent regulation that facilitates the use of low-carbon fuels in our cement kilns. This will allow us to reduce our reliance on coal and other fossil fuels in our Ontario facilities by substituting these fuels with cleaner, lower carbon alternatives derived from non-recyclable wastes.

We would also encourage the government to accelerate the adoption of lower carbon cement – we have no time to lose. Portland-Limestone cement reduces GHGs by 10% at no cost premium. It could avoid 300,000 tonnes of GHGs per year in Ontario and has been used in Europe for over 30 years.

As we look at infrastructure investment, it is an opportunity to invest in value. As we make historic investments in rebuilding our economy, let's seize the opportunity to focus on maximizing value. Instead of building "cheap," let's build "smart" by adopting a full lifecycle asset management perspective to maximize value for the taxpayer while realizing other policy objectives, like reducing GHG emissions and fostering innovation.

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, not to mention the lost opportunity of reducing emissions. 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.

In closing, the Cement Association of Canada and our industry partners in ready-mix, precast, pipe, masonry and aggregates are committed to working with you and our municipal and federal partners to stimulate local economies. We look forward to contributing to plans to bring Ontario back to economic prosperity.