

Cement Association of Canada

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

Even though the economy has been slowly recovering, like most others, our industry has been significantly impacted by the global economic recession, with reduced demand for cement and concrete across Canada and in the U.S., which is our primary export market. Significant threats remain on the horizon, including a return to recession in the EU, and a sustained high value of the Canadian dollar which is impacting our export market. Of considerable concern to energy-intensive and trade-exposed industries like cement manufacturing, policies which place a price on carbon are very important. In designing GHG regulations, the government should align Canada's trade and climate change efforts with the U.S on such issues as price signals (timing and size); alignment on mid and long term climate objectives and avoiding disruption of cross-border trade and border adjustments due to perceived differences in approach to GHG mitigation. As well, the Government of Canada should work more productively and publicly with the Provinces and industry stakeholders towards a truly national GHG regulatory/management system, and apply a sector-specific approach for designing our system which is consistent with international lessons and approaches. The government should further explore mechanisms that may be employed to guarantee Canadian manufacturers a level playing field with respect to a carbon price signal. Other recommendations include:

- The cement sector continues to believe that the government should introduce additional tax credits for manufacturers making investments in environmental technologies and processes. Opportunities to make strategic adjustments to Canada's fiscal regime, such as accelerated capital cost allowance, remain underutilized and must be further explored and the government should consider making the Accelerated Capital Cost Allowance for the acquisition of machinery and equipment used for manufacturing and processing a permanent feature of our tax system. As well, expand and ensure that eligible assets (purchased or leased) are available to manufactures for meeting other government-mandated reasons (i.e. air emissions reduction or GHG mitigation).
- Reverse Budget 2012 limitations related to the SR&ED program and implement refundable SR&ED tax credits in order to boost capital investments in innovation and productivity.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Canadian cement producers are important members of a global industry and participate in a highly-integrated North American marketplace for cement and cement products. However, as Canadian domestic policies work against the competitiveness of the Canadian industry, (such as the carbon tax in British Columbia) imports to the U.S. and Canada of foreign cement is increasing rapidly. The potential for this structural shift may affect Canadian cement exports and jobs here in Canada. It is therefore very important that we address the free flow of goods across our shared border with the U.S. All levels of government must continue to improve trade infrastructure, including transportation infrastructure and

border security processes, and ongoing negotiations on border issues must continue to be a focus of the federal government. Also, we believe that Canada has an opportunity to negotiate a more open procurement market agreement with the U.S. that will be of significant benefit to both our economies. Cement and concrete play an important role in making Canada's infrastructure greener and therefore sustainable, as well as being extremely energy efficient products that are used in projects ranging from concrete highways, green buildings, and countless others. In achieving a sustained economic recovery in Canada and creating quality sustainable jobs, there is no question that sustainable infrastructure investments are a significant part of the solution. The government's commitment to make the Gas Tax Fund permanent was a good first step in providing stable, predictable funding. The government must continue to support and fund the P3 Canada Fund, as well as through a renewed Building Canada Plan or replacement long-term fund and strategy. The government should make improvements in the long-term benefits of infrastructure investments by ensuring sustainability concepts are included in project design, such as the choice of concrete highways, and should adopt a value or a life-cycle assessment-based procurement process for all infrastructure and construction projects. This policy framework should be based on life cycle analysis and costing that would enable consideration of up-front construction costs, long term maintenance costs, environmental impacts and societal benefits and costs over the life-span of infrastructure projects.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

We believe that current immigration policy fails to meet the needs of the Canadian construction industry. Policy reforms are required in order to increase the domestic pool of skilled labour. Tied to these reforms is a pressing need to increase the speed at which Citizenship and Immigration Canada processes skilled worker applications. Other recommendations we support include: • Eliminating barriers to the movement of skilled labour between provinces through normalizing provincial regulatory bodies; and • Streamline the regulatory processes for companies to bring in foreign workers when necessary.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Given the right mix of economic policies, the Canadian government helped to sail our economy through the storm better than almost all other nations. One of the economic keys to success involved the investment of billions of dollars in physical infrastructure which helped keep Canadians employed and aided Canadian productivity. Canada's workforce, with whatever demographic makeup, requires efficient infrastructure. The traditional and necessary role for federal government to support infrastructure investments must continue and grow - through continuing to support and fund the P3 Canada Fund, as well as through the creation of a new, long-term infrastructure strategy to replace the Building Canada Plan. The second component to enhance productivity is through increased investment. Canada remains a productivity laggard when measured against many of its competitors. Government measures, such as the use of ACCA deductions for machinery and equipment purchases, have helped to accelerate the modernization of Canadian industry and boosting overall domestic productivity. The use of capital cost allowance incentives encourages investment in Canadian facilities, thereby providing taxpayers with a more direct benefit. The cement sector continues to believe that the government should introduce additional tax credits for manufacturers making investments in environmental

technologies and processes. Opportunities to make strategic adjustments to Canada's fiscal regime, such as accelerated capital cost allowance, remain underutilized and must be further explored and the government should consider making the Accelerated Capital Cost Allowance for the acquisition of machinery and equipment used for manufacturing and processing a permanent feature of our tax system. As well, expand and ensure that eligible assets (purchased or leased) are available to manufactures for meeting other government-mandated reasons (i.e. air emissions reduction or GHG mitigation).

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Much has been said about the infrastructure deficit facing this country, with much of it being true. All levels of governments face enormous challenges in managing public debt and investing in infrastructure. Municipal governments are particularly hard hit. The right approach is working with provinces, territories and stakeholders to develop a long-term infrastructure plan that extends beyond the Building Canada plan. We are advocating for a new and comprehensive approach from the federal government to ensure infrastructure investments are truly sustainable. Numerous municipalities, provinces and federal policies now incorporate "green" procurement or policies for new or renovated buildings. These approaches should be increasingly integrated and sophisticated with up-to-date sustainability concepts. As well, we feel that the infrastructure debate has largely been focused on how fast money is spent, but we urge that the government play more of a roll in how well it is spent too. The motto should never be "lowest cost wins", the motto should be "build it once, build it right, build it to last". In this way, we will be ensuring that new projects contribute to achieving Canada's sustainable development objectives. The government should make improvements in the long-term benefits of infrastructure investments by ensuring sustainability concepts are included in project design, such as the choice of concrete highways, and should adopt a value or a life-cycle assessment-based procurement process for all infrastructure and construction projects. This policy framework should be based on life cycle analysis and costing that would enable consideration of up-front construction costs, long term maintenance costs, environmental impacts and societal benefits and costs over the life-span of infrastructure projects. These considerations need to be a part of the consultation process. There exists an easy opportunity for the government to adopt one of our industry's solutions – the CSA approved and National Building Code referenced new cement called Contempra. We believe that the Federal Government should mandate the use of this new and equivalent cement as a substitute for of general use cement and in so doing can reduce up to 10% of GHG related emissions in the projects it undertakes.