

# BUDGET SUBMISSION from the Buy Clean Industry Alliance

## Summary of Recommendations

The government of Ontario should support the low carbon construction materials sector - and the jobs and economic benefits it provides - with the following commitments in Budget 2023:

- Invest \$10 million in top-up funding to demonstrate Ontario-made low carbon construction materials in existing public infrastructure projects.
- Provide procurement incentives to encourage lifecycle emissions transparency and data sharing for publicly-funded construction materials and projects.
- Develop a provincial Buy Clean initiative to provide education and training, and phase in emissions reporting and performance requirements over time for public procurement of construction materials.

## Introduction

The **Buy Clean Industry Alliance** is a coalition of industry, labour and environment groups that advocate for a low carbon construction materials sector in Canada. **Our members represent sectors that generate \$5 billion in annual GDP and support 270,000 jobs in Ontario.** The provincial green building materials sector is [forecast](#) to triple in size by 2030—creating tens of thousands of jobs, billions of dollars in economic benefits, and export opportunities.

**Ontario is well positioned to take advantage** of these opportunities due to its clean electricity grid, recent [investments](#) to reduce emissions, a growing [cleantech](#) sector, and large domestic and export markets. Ontario's [building materials sectors](#) are committed to net zero emissions.

The US Inflation Reduction Act has increased the pressure on Ontario to respond. The IRA [provides](#) billions of dollars to procure and produce low carbon construction materials. This will make the US construction materials sector more competitive relative to Ontario's, and **risks drawing investment in clean industrial technologies away from Ontario.** Neighbouring US states including [New York](#) and [New Jersey](#) are also pursuing ambitious policies to reduce emissions from industry and “buy clean”.

**Government procurement is a key tool to support domestic industry as it reduces emissions and invests in low carbon innovation.** “Buy Clean” prioritizes the use of low carbon construction materials in public procurement, through emissions disclosure, performance standards, and procurement incentives. With more than 35% of Ontario's concrete and steel used in public

construction, a Buy Clean policy could avoid annual emissions equivalent to 300,000 gas-powered vehicles. Using procurement to support low carbon outcomes has wide support, including from the [Ontario Chamber of Commerce](#), [Canadian Manufacturers and Exporters](#), [Canadian Construction Association](#), and [CD Howe Institute](#).

The Buy Clean Industry Alliance recommends that Ontario respond to the IRA by developing its own “Buy Clean” policy. **This is a low-cost way to leverage its massive infrastructure spending in support of economic and climate goals.** Budget 2023 should kickstart this process by supporting transparency and market differentiation for domestic companies and demonstrating the use of innovative low carbon materials to support future uptake.

## Key recommendations for Budget 2023

### Invest \$10 million over 2 years to pilot and demonstrate Ontario-made low carbon construction materials in existing public infrastructure projects

- We recommend that the Ontario government develop a low carbon materials pilot program to support the development and uptake of innovative, Ontario-made materials in planned or approved provincially-funded infrastructure projects.
- A dedicated top-up program would cover incremental costs (up to 5% of project value) of using low carbon materials and innovative procurement practices. The program would allow for evaluation and demonstration of the benefit made-in-Ontario materials that have a lower environmental impact.
- Many post-secondary and institutional buildings are pursuing the Zero Carbon Building Standard, to utilize low carbon materials (e.g. [Centennial College Block A Expansion](#), [Humber College Cultural Centre](#)). This fund would enable them to evaluate and work with the supply chain to procure and utilize low carbon materials
- **We estimate a \$10 million program could support 5 to 20 small/medium pilot projects over 2 years.**<sup>1</sup> The program should also provide administrative and technical support to collect data and share knowledge. For example, the program should require that all Environmental Product Declarations (EPDs) collected must be submitted to the federal government’s life-cycle inventory database.
- A Buy Clean pilot program would have several benefits:
  - Demonstrate the performance of innovative, Ontario-made low carbon materials in practical settings, providing proof-of-concept for the wider market;
  - Collect information on costs, usability, performance and emissions relative to conventional materials;
  - Trial new approaches to procurement, design, and construction that can inform policy and practice more widely;
  - Demonstrate Ontario’s leadership in the low carbon construction space.

### Work with industry and government partners to develop an Ontario Buy Clean initiative

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<sup>1</sup> Assuming project costs ranging from \$10 to \$50 million with a 5% incremental cost associated with low carbon materials, data collection, disseminating learning, and administration.

- The Ontario government should develop a Buy Clean initiative, in partnership with stakeholders from industry, construction, and labour, with a goal of increasing procurement opportunities for low carbon materials producers.
- With public construction accounting for more than one-third of steel and concrete used in Ontario, low carbon procurement requirements can make domestic products more competitive relative to lower-cost, higher-carbon imports, and provide a needed early market for suppliers investing in cleaner production - supporting good-paying jobs in Ontario and providing opportunities for employment growth.
- Some public agencies (e.g. Metrolinx and Waterfront Toronto) already have lifecycle emissions disclosure requirements as part of some projects. Currently this work is ad hoc and lacks coordination, reducing its overall market impact and effectiveness.
- A provincial Buy Clean policy would leverage the planned \$159-billion in infrastructure investments over the next decade to support economic and climate goals. It would also support alignment with the federal government's planned Buy Clean Strategy, reducing complexity and red tape for companies operating across the country.
- A Buy Clean initiative should include several key components with a mix of education, incentives and requirements phased in over the next 2-3 years:
  - **Emissions reporting** using Type III Environmental Product Declarations (EPDs) to demonstrate a product's lifecycle carbon footprint.
  - **Procurement incentives** provided during the bidding process, alongside traditional lowest-cost metrics, to make low carbon products more competitive. This could include additional points scored, bid discount mechanisms, or post-construction performance bonuses based on reduction in emissions.<sup>2</sup> Additional incentives could be provided for bidders to submit EPDs to the federal government's lifecycle emissions database.
  - **Performance standards** which set a declining cap on the emissions of construction materials used in public procurement. These should be phased in over 2-3 years to provide government procurement staff and industry time to adapt.
  - **Education and training** to support public and private sector uptake of Buy Clean, including the use of EPDs and other lifecycle assessment approaches. This could be provided through [Supply Ontario](#) to ensure a coordinated and efficient approach to education.

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<sup>2</sup> For examples of procurement incentives used in other jurisdictions see [Deploying Low Carbon Public Procurement to Accelerate Carbon Removal](#) and [4 - Steps to Develop a Buy Clean Policy - Carbon Leadership Forum](#)