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## Buy Clean Industry Alliance pre-budget 2024 consultation submission

The Buy Clean Industry Alliance is a coalition of industry associations, think tanks, and labour and environmental groups, with a common goal of advocating for a national Buy Clean policy and net-zero construction materials sector.

The Buy Clean Industry Alliance is made up of: Clean Energy Canada, Cement Association of Canada, BlueGreen Canada, Aluminum Association of Canada, Canadian Steel Producers Association, Forest Products Association of Canada, and EllisDon.

### List of Recommendations:

**Recommendation 1: \$15 million over five years** to fund capacity building programs, staffing and technical support for provinces, territories, municipalities, and the private sector to adopt Buy Clean.

**Recommendation 2: \$25 million over five years** for Natural Resources Canada to provide grants and technical assistance to private companies looking to produce EPDs for their products.

**Recommendation 3: \$300 million over five years** to demonstrate and scale a diverse set of innovative, near-zero-emission building materials.

**Recommendation 4: \$500 million over five years** to create a fund that will incentivize the use of commercially viable low-carbon materials and practices in federally funded infrastructure projects.



By investing in low-carbon materials and practices using its own spending power, the Government of Canada has the potential to reduce emissions, support well-paying jobs, and maintain industry competitiveness as Canada and the world transition to net zero. Fully implementing Buy Clean infrastructure spending in Canada could **unlock up to 14 million tonnes of direct and indirect emissions reductions**, supporting a growing **green building materials sector that could reach \$50 billion by 2030.**

Recognizing this potential, the Government of Canada is now on the eve of publishing a Federal Buy Clean Strategy. This will deliver on a commitment that has been built into the 2030 Emissions Reduction Plan, the Canada Green Buildings Strategy, international commitments through the Clean Energy Ministerial, and mandate letters of multiple Ministers. Government is making progress, but Budget 2024 is the opportunity to set the Federal Buy Clean Strategy up for success, and unlock investments that will capitalize on existing government spending to drive growth across Canada through our producers of clean materials.

Many options for lower-carbon concrete, steel and other building materials, as well as mass timber construction sourcing wood from Canada's sustainably managed forests, already exist and in many cases are cost-competitive with conventional materials. However, **procurement agencies at the federal and sub-national level in Canada are not generally mandating the use of these materials**. Rationale can be both technical: lack of awareness, expertise or experience; or financial: some commercially viable products come with a marginal cost premium or impact on construction timelines. In other cases, the technologies needed to fully decarbonize industrial processes and transition to net zero are several years from reaching commercial viability.

To solve these challenges, increase Canadian competitiveness, build capacity to support low-carbon construction, and increase the supply of low-carbon construction materials, **the Buy Clean Industry Alliance is calling on the federal government to fund key components of a Buy Clean Strategy in Budget 2024:**

- **\$15 million over five years** to provide the staffing and technical support required to deliver the Buy Clean Federal Strategy at all levels of government.
- **\$25 million over five years** for Natural Resources Canada to provide grants and technical assistance to private companies looking to produce EPDs for their products.
- **\$300 million over five years** to demonstrate and scale a diverse set of innovative, near-zero-emissions building materials.
- **\$500 million over five years** to incentivize the use of commercially viable low-carbon materials and practices in federally-funded infrastructure projects.

## 1) Build capacity across the broader public and private sector to increase adoption of Buy Clean practices

**Cost: \$15 million over five years to develop tools to increase capacity and education on Buy Clean and a federal support staff to provide training**

In addition to cost, lack of awareness, understanding and capacity among federal, provincial and local governments and public entities is a barrier to wider adoption of green procurement policies.

Successful international models have dedicated a team as a hub for practical information on sustainable procurement (e.g. the Dutch Public Procurement Expertise Centre '[PIANOo](#)'). By building a federal team with expertise on low-carbon procurement, the Government of Canada can offer training and capacity building to other levels of government and the private sector.

This team needs to first provide technical support and expertise to public agencies to develop tender documents, adopt performance-based specifications, structure procurement contracts, and address other project barriers. Second, the team should provide project-specific support to contractors and engineers, including walk-throughs/site visits and technical support. Finally, the team should increase awareness of low-carbon materials and processes outside of government by creating materials, programming, online resources, and designing signage and communications.

We recommend a \$15 million commitment over five years: \$6 million for ~10 FTEs to support the development of this team and \$9 million for the creation of resources. We recommend that this small team be housed in NRCan's [Greening Government Services](#) branch, but could leverage the contacts and expertise of [Procurement Assistance Canada](#) (PSPC) to do outreach to non-Government vendors and the [Clean Growth Hub](#) (co-chaired by ISED and NRCan) to coordinate outreach to industry and clean tech.

## 2) Support the growth of the low-carbon materials database in Canada and accelerate the creation of Environmental Product Declarations

**Cost: \$25 million over five years for Natural Resources Canada to provide grants and technical assistance to private companies looking to produce EPDs for their products**

A Buy Clean approach to procurement requires suppliers to conduct a life cycle assessment (LCA) of the product they are supplying. Usually the life-cycle emissions and other relevant environmental impacts are communicated through an Environmental Product Declaration (EPD),



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which allows governments, designers, and construction firms to compare and select products based on their climate impact.

In addition to material-specific EPDs, the federal government should also move forward on conducting whole building life cycle assessments by 2025 for all major buildings and infrastructure projects. The government of Canada is already supporting the development of Life Cycle Inventory (LCI) databases for key construction materials through the Centre of Excellence in Construction Life Cycle Assessment (CECLA), but we also need to see a rapid uptake in the private sector producing site-specific EPDs.

For many firms, EPDs and life cycle assessment are still a new area. Support and encouragement from the government can play an important role in driving adoption, as has been recognized by [other jurisdictions](#) deploying their own Buy Clean strategies. For smaller businesses, grants can incentivise investment in EPDs, and reduce the cost burden of creation and registration.

Importantly, supporting Canadian businesses to develop and register EPDs for their own products has a benefit far beyond the implementation of Buy Clean policies. As our key trading partners such as the U.S. and EU bring in their own Buy Clean requirements and policies such as Carbon Border Adjustment Mechanisms (CBAMs), Canadian producers will be barred from accessing those markets if they do not have requisite data to show their products are low-carbon.

Supporting EPD creation and registration will give Canadian producers a headstart in the growing low-carbon export market, and reduce friction when it comes to accessing critical procurement markets outside our own borders.

### **3) Invest in Canadian innovation to decarbonize industry, and ensure governments are ready to procure emerging technology**

**Cost: \$300 million over five years to demonstrate and scale a diverse set of innovative, near-zero-emission building materials.**

In addition to providing financial incentives to deploy market-ready, lower-carbon materials, there is a pressing need for supporting and scaling up innovative materials with a lower carbon footprint. The IEA estimates that pre-commercial technologies for steel, cement and other heavy industries are needed for about [60% of 2050 emission reductions](#) under their net-zero scenario. Governments must provide support to ensure these technologies are widely available by the mid- to late-2020s or risk missing key investment cycles to meet net zero.



We recommend that Budget 2024 allocates \$300 million over five years to develop, test, demonstrate, and deploy pre-commercial materials and products that contribute to net zero goals.

We recommend \$55 million/year over five years be allocated to NRCan's Low-carbon Building Materials Innovation Hub (which was announced in the 2030 Emission Reduction Plan, but has yet to be funded). This funding would support Canadian companies to identify early-stage and pre-commercial building materials and technologies, fund R&D and real-world material testing, and to collect and share data and lessons learned.

An example of such an effort can be seen in the U.S., where the General Services Administration's Low-Carbon Building Materials Pilot Program received [\\$2.15 billion in funding in 2023](#) to pilot new materials in 11 projects around the country. Funding should support a diverse range of materials, products, and technologies addressing the full value chain of low-carbon construction solutions. NRCan should work with the National Research Council to use research and technical information gained through the demonstration program to support building code updates that allow for the use of low carbon materials.

A complementary \$5 million/year over five years should be allocated to ISED's Innovative Solutions Canada (which works to test and deploy early-stage Canadian technologies in procurement programs) to ensure that new products and technologies have a pathway to commercialization through federal procurement. Products developed through NRCan's Innovation Hub that reach market readiness should be able to sell directly to any federal department or agency without competition under the terms of ISED's Innovative Solutions Canada.

Combined, these funding proposals would unlock both GDP and emissions reduction potential not only through direct government spending at all levels, but also in the private sector. These 2024 investments by the Government of Canada can provide a cornerstone for Canada to be a key player in the emerging market for low-carbon materials and technology.

#### **4) Use Government spending to activate the Canadian market for commercially-viable low-carbon building materials and practices**

**Cost: \$500 million over five years for a Clean Infrastructure Incentive Fund to offset the incremental costs of using commercially viable low-carbon materials and practices in public infrastructure**

To keep pace with recent U.S. investments, ensure Canadian producers have a domestic market to sell low-carbon materials, and maximize the emissions reduction potential of government



procurement, a short-term fund to offset incremental costs of using low-carbon materials is required.

The U.S. last year earmarked [US\\$5.5 billion](#) to procure low-carbon building materials through the Inflation Reduction Act. Their policy includes US\$2 billion over 4 years to [“reimburse or provide incentives”](#) to offset the incremental costs (up to 2%) of using low-carbon materials in federal and state highway projects. Canadian producers need domestic support to incentivize the production of low-carbon products and build a domestic market to remain competitive with international competitors in this emerging market.

To address this challenge, we recommend creating the Clean Infrastructure Incentive Fund, with an investment of \$100 million per year, sunsetting after five years. We recommend this fund flow through Infrastructure Canada as a top-up to funding provided through other streams with a federal cost share component, particularly the Investing in Canada Infrastructure Program until 2027-2028. The funding should cover incremental costs of using lower-carbon materials and construction processes in federally funded projects at the federal, provincial or municipal levels, up to a 2% cost premium on total project costs. To be eligible for funding, depending on their approach to embodied carbon reductions, projects must provide verification of low-carbon materials (using Environmental Product Declarations), or submit a whole-project LCA demonstrating reduced embodied carbon relative to a baseline.

These projects can serve as pilot projects; to familiarize procurement agencies, to create a market for low-carbon goods, and to incentivize the use of existing best practices in the construction industry. This investment will help create a path to ensure that by 2030, all infrastructure transfers from the federal government include Buy Clean provisions.

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