House of Commons
Chambre des communes
Canada

**House of Commons Standing Committee on Finance – Pre-budget Consultations 2013**

**This brief is submitted by:**

(•) **an organization** **Organization name:** Canadian Fertilizer Institute

**or**

( ) **an individual** **Name:** _____

**Topic:** Business taxation and regulatory issues

## *Recommendation 1: Please provide a short summary of your recommendation.

Continue with the scheduled extension on the Accelerated Capital Cost Allowance and move to make this a long term policy in Canada to allow for companies to better plan capital investments.

**Expected cost or savings:** From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

Please select from the drop down menu

Immediately

**Federal funding:** Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

The ACCA and other tax and royalty incentives have resulted in undeniable benefits for Canadian industry. The fertilizer industry's investment announcements exceeding $15 billion over the last ten years are proof of this. More investment is pending as well. However, the current ACCA is due to expire on December 31, 2015. To continue to help the Canadian economy grow and enhance productivity the federal government needs to consider making this a long term policy in Canada. The cost of deferring the tax revenue under the ACCA will be offset by increased investment and economic growth.

**Intended beneficiaries:** Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

This taxation policy will benefit the Canadian economy by creating an environment that fosters further investment and high paying skilled jobs in multiple regions of the country. The fertilizer industry would be a beneficiary of this policy, but so would all of the Canadian manufacturing sector as a whole. Future employment growth in Canada depends on policies such as this.

**General impacts:** Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

The Accelerated Capital Cost Allowance, if placed as a long term policy, would give companies greater freedom in making long term investments that require large capital expenditures in the manufacturing sector. The development or major expansion of a nitrogen manufacturing plant, or the expansion or construction of a new potash mine takes a great deal of time and planning. The policy would help drive long term investment, help Canadian companies grow, and create high paying skilled jobs.

**Topic:** Employment, labour markets and unions

## Recommendation 2: Please provide a short summary of your recommendation.

Permanent and temporary skilled workers are essential to the fertilizer sector. The federal and provincial Governments need to work corroboratively and continue to focus on developing inclusive policies that foster better educational outcomes and greater participation in the labour force for all Canadians, including those in the Aboriginal Community. And the Government needs to stream line entry requirements as much as possible for foreign skilled workers to ensure a skilled workforce is readily available to Canadian industry.

**Expected cost or savings:** From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

unknown

Immediately

**Federal funding:** Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

CFI has been encouraged by recent initiatives such as the Canada Jobs Grant set out in Budget 2013. These funds are already allocated. The Foreign Worker program is also largely allocated. Now, the federal government needs to work to ensure that, where Federal/Provincial/Territorial discussions are required, industry is involved. Industry wants to ensure these programs meet the government's desired objectives of creating jobs and economic growth.

**Intended beneficiaries:** Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Our industry is concerned that industries based largely in rural regions of Canada such ours will face even greater challenges than other sectors of the economy, which may be able to count on increasing populations in urban centres. The skilled worker shortage is a problem for all regions of the country. Remedying this problem would be a large victory for the Canadian economy because it would result in economic growth and the creation of highly paid full time jobs.

**General impacts:** Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

As the fertilizer industry looks to the future, labour skills and a capable workforce are critical if we wish to build on our strengths. Competition from mega-projects combined with an aging workforce is making it harder to retain skilled trades-people. CFI has been encouraged by recent steps with the foreign worker program and the Canada Jobs grant, but these programs need to be up and running correctly in order for the industry to capitalize on their benefits. CFI Members need access to highly skilled labour in order to ensure projects remain on schedule and the industry competitive.

**Topic:** Agriculture, food and fisheries

## Recommendation 3: Please provide a short summary of your recommendation.

CFI views innovation as a way of enhancing productivity and investing in the future competitiveness of Canadian industry. With that in mind, CFI also recognizes that these investments are often expensive and we believe this cost can be lowered by developing programs that encourage industry-government partnerships. We recommend the Government continue to encourage industry-government flexible partnerships, particularly in the agri-business sector to help fund the innovative research that is needed to keep Canadian industry competitive.

**Expected cost or savings:** From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

unknown

Immediately

**Federal funding:** Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Grant programs are found within different departments. CFI recently received a $700,000 investment from the federal government through Agriculture and Agri-Food Canada to promote greenhouse gas mitigation in fertilizer application using a CFI developed stewardship program. The North American fertilizer industry has recently come forward with $7 million to fund a multi-year research effort regarding fertilizer stewardship. These types of investments can be teamed with the Government to conduct research and developed that nets gains for both parties.

**Intended beneficiaries:** Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Canadian industry from all regions of the country will benefit from this type of programming. While the Government is facing financial constraints, Canadian industry is facing uncertain economic times. When the two parties are able to collaborate with their limited funds, great work can be done.

**General impacts:** Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Research and development is an integral part of giving Canadian industry a competitive advantage in the marketplace over the long term and ultimately will create more investment and more jobs.

Please use this page if you wish to provide more explanation about your recommendation(s).

Recommendations

To summarize, CFI feels the Government can afford to meet the needs of the Canadian fertilizer industry by following these low cost practical solutions:

1. Continue with scheduled extension on the Accelerated Capital Cost Allowance and move to make this a long term policy in Canada to allow for companies to better plan capital investments.

2. The federal and provincial Governments need to work corroboratively and continue to focus on developing inclusive policies that foster better educational outcomes and greater participation in the labour force for all Canadians, including those in the Aboriginal Community. And the Government needs to stream line entry requirements as much as possible for foreign skilled workers to ensure a skilled workforce is readily available to Canadian industry.

3. Encourage industry-government partnerships to help fund the innovative research that is needed to keep Canadian industry competitive.

CFI also feels the Government should consider these additional recommendations as well when considering Budget 2014:

• Continue to aggressively pursue international trade agreements while ensuring the outcome maximizes the long term competitiveness of Canadian industry.

• Work with industries and individual sectors to design the proper architectural system and find achievable targets for reducing Greenhouse Gas and Air Pollutant emissions.

• Rail transportation is a key link to getting fertilizer to our farming customers in foreign and domestic markets. Policy development and regulation in this area needs to ensure Canadian industry remains competitive into the future. Suboptimal rail regulation decisions will increase freight costs and in turn fertilizer prices for farmers and may lead to less availability of product, which would both increase farm production costs and efficiency.

Canada's fertilizer industry remains internationally competitive despite the ongoing market turmoil in global markets. We cannot afford to be complacent. The Federal Government must continue to strive to provide an operating environment that will allow our industry to seize new global opportunities and continue to grow in capturing the rising demand.

*Please note that at least one recommendation must be provided