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:** Chemistry Industry Association of Canada

or

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

Topic: Manufacturing and value-added processing

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

Since it was first introduced in the 2007 federal budget as a recommendation of this Committee, the accelerated capital cost allowance (ACCA) for manufacturing machinery and equipment has been very effective at attracting new manufacturing investment to Canada. Chemistry companies credit the ACCA as being a key factor in their decision to invest $3 billion over the last four years. CIAC recommends that this measure be extended further as part of a long-term federal manufacturing strategy.

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

5 or more years

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.

As the ACCA is a tax deferral tool, the cost in terms of immediate foregone tax revenues is negligible after a period of three years. The ACCA can actually grow the tax base if it succeeds in attracting investments that would otherwise have gone to competing jurisdictions.

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

Capital projects involving manufacturing and processing equipment would be eligible. For the chemical sector these would include new plants as well as expansion and/or conversion of existing facilities.

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 ACCA is stimulative and grows the tax base for all Canadians as it encourages incremental investments. Put another way, much of the $3 billion worth of new investment in the chemistry sector over the past several years would likely have gone elsewhere if not for the ACCA. Chemical producers add 5,10,20 times to the energy value of raw resources and provide continuous improvements in our quality of life through technology improvement including improving the environmental footprint of our extractive industries.

Topic: Innovation and commercialization

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

Provide funding for the development of new products and process technologies throughout Canada using Federal Development Agencies, similar to the Advanced Manufacturing Fund created for Southern Ontario in the last budget. This would encourage innovation for all manufacturing and be available in all regions.

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.

other: please provide your estimated amount 0

5 or more years

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.

No new funding would be required as existing funds with the regional development agencies could be re-allocated as was done for Southern Ontario.

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

All sectors, including chemicals, would have access to these funds which would be innovation-specific rather than industry specific.

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.

Product and process innovation enhances productivity, results in improved environmental performance and maximizes the value extracted from Canada' natural resources. Renewal and innovation will attract investments to Canada, create new value chains and help industries such as chemicals compete on a global scale. This will ensure the availability of high-paying skilled jobs and create more wealth from Canada's natural resource base.

Topic: Please select from the pull-down menu

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

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

Please select from the drop down menu

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.

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

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.

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

*Please note that at least one recommendation must be provided