



February 8, 2021

The Hon. Peter Bethlenfalvy
Minister of Finance
Frost Building South
7th Floor – Queen’s Park Crescent
Toronto, ON M7A 1Y7

Re: Budget 2021-2022 Submission

Dear Minister Bethlenfalvy,

The Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI) is a non-profit national trade association representing over 1,150 member companies in the Heating, Ventilation, Air Conditioning and Refrigeration (HVACR) industry. Our members include manufacturers, wholesalers and contractors, with approximately 900 members conducting business in Ontario. Our members employ over 50,000 people in Canada and deliver more than \$7 billion annually to the Canadian economy. HRAI also provides technical certification training that is recognized throughout Canada.

Since your government’s election in 2018, we have appreciated the opportunities to work with cabinet members, members of provincial parliament and their dedicated teams on issues affecting the HVACR sector. Your government has recognized the importance of our sector to the provincial economy and we especially appreciate your focus on facilitating our members’ productivity and effectiveness by reducing regulatory burden on their businesses.

To help Ontario emerge from this economic downturn stronger than ever, HRAI and its members are providing the attached submission with our recommendations for your review and consideration.

As we have over the past three years, HRAI and its members are eager to engage with the government in efforts to chart a pathway to economic recovery that will ensure small and medium business owners are once again able to create high-quality jobs across Ontario.

Thank you for the opportunity to provide this submission.

Sincerely,

Sandy MacLeod
President and CEO

cc The Hon. Monte McNaughton, Minister of Labour, Training and Skills Development
The Hon. Prabmeet Sarkaria, Minister of Small Business and Red Tape Reduction
Stan Cho, Parliamentary Assistant to the Minister of Finance
Rudy Cuzzetto, Parliamentary Assistant to the President of the Treasury Board
Martin Luymes, VP, Government and Stakeholder Relations, HRAI Canada

Economic Recovery and Job Creation through Efficient Investments in the Built Environment

**A written submission for the consideration for the
2021 Ontario Provincial Budget.**

February 2021

HRAI Recommends:

- 1) HOME and BUILDING RETROFIT PROGRAM: JOB CREATION, ENERGY SAVINGS and ENERGY EFFICIENCY:** That the provincial and federal government invest in a Home and Building Retrofit Program that will stimulate economic investment, job growth and reduce energy costs. There is great concern about the health and safety of indoor air environments in buildings across Ontario. There is also a need to address the cost of energy, to reduce carbon emissions, and to get people across the province back to work with good paying employment opportunities.

- 2) LEGISLATIVE and REGULATORY ISSUES:** That the provincial government address the regulatory issues agreed to at the Regulatory Cooperation Table and those noted within this document. Doing so will decrease the regulatory burden in Ontario and across Canada, improve energy efficiency codes and standards and begin to reduce interprovincial trade barriers.

BACKGROUND

Ontario will eventually recover from the devastating impacts of COVID-19 which has caused the most significant decline in economic activity since the Great Depression. Certainly, the effects of the pandemic will linger in the economy and impact small and medium-sized enterprises for years to come.

The Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI) believes the provincial government should act decisively and, where necessary, in concert with the federal government. We believe that governments should take this recovery opportunity to support legacy improvements in homes and workplaces that reduce energy costs, increase energy efficiency and reduce greenhouse gas (GHG) emissions produced by the built environment.

The provincial government should also focus on ensuring workplaces are adequately supported in their efforts to keep employees safe at work whether that is in an office tower in downtown Toronto or in a small industrial shop in Northern Ontario. In a world affected by COVID-19, there is a new interest from Ontarians and from people across the globe in healthy and safe indoor environments as well as in simultaneously deploying new technologies to combat GHGs throughout the built environment.

The HVACR industry has the technology and know-how to create and maintain healthy, sustainable conditions through proper treatment of air (via ventilation, filtration, humidity control and air cleaning) to ensure businesses can remain functional. We also have the expertise necessary to drive down energy costs and, with targeted support from government, to reduce emissions while creating new, quality employment opportunities.

ABOUT HRAI:

HRAI-Canada is the national trade association for the heating, ventilation, air conditioning and refrigeration (HVACR) industry, representing member companies across the country, the vast majority of them whose businesses are in Ontario. Our members include manufacturers, wholesalers and contractors who collectively employ tens of thousands of skilled trade professionals and contribute more than \$12B annually to the Canadian economy. HRAI also provides technical certification training that is recognized throughout Canada.

Establish a joint Home and Building Retrofit Program for industrial, commercial and institutional buildings and personal residences.

Recovering from the economic slowdown caused by the COVID-19 pandemic will take investments in multiple sectors. A Home and Building Retrofit Program will address multiple important public policy issues concurrently. Consider the following:

- Lower energy costs is one of your government’s priorities,
- Better performance of heating and cooling systems will benefit businesses in nearly all sectors as well as home owners,
- Employees will benefit from safer indoor air quality, improved health and safety with better ventilation and more efficient heating and cooling systems,
- The built environment contributes 17% of our total GHG emissions annually, across Canada, that’s 111 million tonnes of GHGs per year.
- It will drive job creation and investment in small and medium businesses and in well-paid trade jobs in communities across the province.¹ These are local jobs and cannot be outsourced.
 - There is a chronic shortage of Skilled Trades professionals at the same time the pandemic has had a devastating impact on many sectors, particularly hospitality, tourism and retail. There are now thousands of people – youth and women in particular - who could benefit from upskilling and retraining to gain new skills to begin to fill these gaps in the skilled trades sector. The apprenticeship system is ideal for the purpose as it combines on-the-job training with the ability to begin to earn an income – i.e. “earn while you learn.”

Driving down costs for business owners and institutions is an important part of the economic recovery. It is one of the most compelling reasons to invest in our sector and in the performance of Canada’s built environment. Improved performance will also help Canada reach our national climate goals.

One of the most significant barriers to investments in new equipment and more efficient systems are education and costs. Simply put, it is harder to sell an upgraded, more energy efficient heating or cooling product, or ventilation system to business customers when a less expensive but less efficient alternative is available.

¹ The [Canada Green Building Council](#) estimates that intentional investment in a **Home and Building Retrofit Program** would lead to \$150 Billion in GDP and 1.5 million in direct green building jobs by 2030.

The challenge to move businesses from fossil fuels like natural gas to low carbon technologies persists. Given that, industrial, commercial and institutional (ICI) property owners would benefit from significant cost savings over the long-term if they could be incentivized to overcome the higher up-front costs of more efficient systems.

Readying the marketplace is critical, and our members are prepared to deliver significant facilities improvements. We are asking the provincial government to support making investments that will help overcome these up-front barriers for the benefit of workers, residents, families and the environment. The returns to businesses would be significant over the long-term while creating jobs and reducing emissions in the short-term.

HRAI recommends:

That the provincial government invest with the federal government in a joint incentive program for home and building owners, managers and businesses to invest in industrial, commercial, institutional and home retrofits of heating, ventilation and air-conditioning systems to reduce GHG emissions from the built environment.

LEGISLATIVE and REGULATORY ISSUES

As is the case for many other sectors, COVID-19 has served to underscore both underlying and ongoing problems and opportunities within the HVACR sector which, if addressed in a timely fashion, will help to spur job creation and growth.

1) **ENERGY EFFICIENCY STANDARDS (MECP & MEDJT):**

The discrepancies between federal and provincial energy efficiency requirements for household appliances result in **unnecessary regulatory burden** on industry and consumers and increases costs. Currently, federal energy efficiency regulations are lower than some provinces and aligned with others. Natural Resources Canada is responsible for administering the Energy Efficiency Act and Regulations to set and enforce minimum energy performance standards for energy-using products such as labelling requirements. Household appliances are typically manufactured outside of Canada for the larger North American market and making it critical that national standards are in place.

HRAI Recommends: That the Minister of Energy ensure alignment of federal and provincial energy efficiency requirements to reduce regulatory industry burden and consumer costs.

2) **BUILDING CODE ALIGNMENT (MMAH):**

Building codes matter. Provinces and territories base their codes on national code content for building, fire, plumbing and energy efficiency. Jurisdictional variations to the Codes exist for scope of application and special requirements. Policy and historically driven variations to construction codes in each jurisdiction result in **lost productivity and increased costs** for business owners and consumers.

HRAI Recommends: That the Minister of Municipal Affairs and Housing align the Ontario Building Code with the National Building Code and align the Energy Efficiency Standards for residential and commercial products in 2020 as per the Province's commitment to the Canada Free Trade Agreement and the Regulatory Cooperation Table.

3) MUNICIPAL LICENSING (MMAH):

In many municipalities, HVACR business owners are required to purchase and renew (annually or biannually) a permit to operate within that specific municipality. However, these same HVACR businesses also purchase permits to operate their heating business from the Technical Standards and Safety Authority (TSSA). Having to purchase two sets of permits in order to operate the business is redundant and there is no observable purpose for the municipal permit beyond revenue collection.

HRAI Canada and its members value the oversight and safety standards which TSSA provides and upholds. However, the additional fee charged by municipality provides no oversight nor value and appears to be strictly for revenue generation purposes. The municipal fee ranges from \$140 to close to \$300.

HRAI Recommends: That the Minister of Municipal Affairs take measures to eliminate heating contractor licensing at the municipal level as it is redundant to the existing system of provincial licensing under the Technical Standards and Safety Authority (TSSA).

Submitted by:

Sandy MacLeod, President and CEO

Martin Luymes, VP, Government and Stakeholder Relations

Dorothy McCabe, Government Relations Specialist, Ontario