



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

**Submission for consideration for the
2020-2021 Government of Ontario Budget**

October 2020

HRAI Recommendations

1) HOME AND BUILDING RETROFIT PROGRAM: CREATING JOBS, REDUCING ENERGY COSTS

HRAI recommends that the Ontario government partner with the federal government to invest in a Home and Building Retrofit Program that will stimulate economic investment, job growth and reduce energy costs. A program of this type could be leveraged to address concerns about the health and safety of indoor air environments in buildings across Ontario, while reducing energy use and carbon emissions, and it would stimulate economic growth and investment, resulting in well-paid employment opportunities in all corners of the province.

2) REGULATORY ISSUES

HRAI recommends that the Government of Ontario pro-actively address the regulatory alignment issues agreed to at the Regulatory Cooperation Table under the Canada Free Trade Agreement. Doing so will reduce regulatory burden for business owners in Ontario and across Canada and interprovincial barriers to economic trade and labour mobility.

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 Government of Ontario should act decisively and, where necessary, in concert with the federal government, to address important policy priorities as it works to restore the provincial economy to previous levels of activity. HRAI proposes that governments should take this recovery opportunity to support legacy improvements in homes and workplaces that reduce energy costs, increase building performance, indoor comfort and air quality while reducing 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 in ensuring healthy and safe indoor environments can be maintained while at the same time deploying new technologies to combat GHG emissions produced by the heating and cooling of homes and buildings.

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) that will help to ensure businesses 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 Canada, with the majority of them conducting business 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.

Home and Building Retrofit Program for Buildings and Homes

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:

- Lowering energy costs is a priority for this government;
- Better performance of heating and cooling systems will benefit businesses in nearly all sectors, as well as home owners;
- Workers will benefit from improved comfort as well as better indoor air quality as a result of investments in ventilation and more efficient heating and cooling systems;
- The built environment contributes 17% of total GHG emissions;
- Investments in building performance will drive job creation and investment in small and medium businesses and will facilitate the creation of well-paid trades jobs in communities across the province.¹ These are local jobs and cannot be outsourced;
- There is currently a chronic shortage of skilled trades professionals and, at the same time, the pandemic has had a devastating impact on many sectors, particularly hospitality, tourism and retail. There are thousands of Ontarians – 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, and the apprenticeship system in Ontario 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 should be an important part of the economic recovery. It is one of the most compelling reasons to invest in the HVACR sector and in the performance of Canada’s built environment. Improved performance will also help Canada reach its climate change mitigation 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,

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.

more energy efficient heating or cooling product, or ventilation system to business customers when a less expensive but less efficient alternative is available.

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 Government of Ontario partner with the federal government to invest in an incentive program for home and building owners, managers and businesses to invest in 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.

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.

BUILDING CODE ALIGNMENT (MMAH):

Building codes matter. Provinces and territories base their codes on national model codes 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.

MUNICIPAL LICENSING (MMAH)

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

HRAI members value the oversight and safety standards that TSSA provides and upholds. In contrast, the additional fees charged by municipalities provide no additional oversight nor value and appear to be strictly for revenue generation purposes. The municipal fees range from \$140 to close to \$300 a year.

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).