



February 10, 2023

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

Re: 2023 Budget Submission

Dear Minister Bethlenfalvy,

Since your government’s election in 2018, the Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI) and the Ontario Refrigeration and Air Conditioning Contractors Association (ORAC) have appreciated the opportunities we have been given to work with members of your government 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 the regulatory burden on their businesses.

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

Building on five years of success, HRAI and ORAC are eager to engage with the Government of Ontario 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
HRAI President and CEO

Tony Mammoliti
ORAC President

cc The Hon. Victor Fedeli, Minister Economic Development, Job Creation and Trade
The Hon. Prabmeet Sarkaria, President of the Treasury Board of Ontario
The Hon. Monte McNaughton, Minister of Labour, Immigration, Training and Skills Development
The Hon. Jill Dunlop, Minister of Colleges and Universities
The Hon. Todd Smith, Minister of Energy
Martin Luymes, VP, Government and Stakeholder Relations, HRAI Canada
Chelsea Goberdhan, Ontario Government and Stakeholder Relations Specialist, HRAI Canada

BUILDING A BETTER ONTARIO FOR FUTURE GENERATIONS

Submissions for Consideration in the 2023 Ontario Budget

from

The Heating, Refrigeration and Air Conditioning Institute of Canada

and

The Ontario Refrigeration and Air Conditioning Contractors Association

February 2023

HRAI and ORAC Recommendations

1) HVACR WORKFORCE DEVELOPMENT

HRAI and ORAC recommend the Government of Ontario commit \$5 million towards the support of an HVACR workforce development plan that ensures an adequate supply of appropriately qualified industry personnel to meet the emerging needs resulting from the shift to a low carbon economy.

2) HVACR MANUFACTURING SUPPORT

The HVACR industry recommends the Government of Ontario explore appropriate supports to encourage HVACR manufacturing in the province. This can be accomplished by expanding the Advanced Manufacturing and Innovation Competitiveness Stream of the Regional Development Program to include HVACR manufacturing as an eligible industry. This funding will offer support to HVACR manufacturers as they make investments in technology, equipment and skills to improve the industry's competitiveness.

3) MUNICIPAL AND COMMUNITY BUILDING RETROFITS

HRAI and ORAC recommend that the Ontario government invest in a Municipal and Community Building Retrofit Program that will stimulate economic investment, job growth and reduce energy costs. The proposed program would support retrofits in capital projects that improve energy efficiency in municipal facilities, helping Ontario communities of all sizes use less energy, lower greenhouse gas (GHG) emissions and improve indoor air quality. Municipal and community facilities include administration buildings, police stations and fire halls, wastewater treatment plants, libraries, recreation centers and arenas.

4) ELIMINATE MUNICIPAL CONTRACTOR LICENSING FOR HEATING CONTRACTORS

The HVACR industry recommends that the Government of Ontario eliminate heating contractor licensing at the municipal level, as it is redundant to the existing system of provincial licensing under both Skilled Trades Ontario (STO) and Technical Standards and Safety Authority (TSSA).

5) INDOOR AIR QUALITY

To assist in addressing public concerns about Indoor Air Quality in homes and buildings, the associations recommend that the Government of Ontario work with the HVACR industry and relevant building science and health experts to

- (a) establish a professional workforce in Ontario capable of identifying and addressing indoor air quality (IAQ) problems in homes and buildings, with a view to minimizing health risks and creating healthy indoor environments. Relying on guidance from existing authorities (e.g. ASHRAE) this initiative would include researching and selecting relevant professional standards, identifying appropriate testing equipment and setting standards for training and certification of IAQ professionals.
- (b) develop and implement a communications program that seeks to educate Ontarians about the health benefits of investing in improved indoor air quality (IAQ), relying on proven technologies and practices.

BACKGROUND

HRAI and ORAC have benefited from working alongside this government since its election. Our members believe the Government of Ontario should continue to act decisively to address important policy priorities as it works to continue growing our provincial economy.

HRAI and ORAC encourage this government 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 recovering from the COVID-19 pandemic, 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 & ORAC

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.

Ontario Refrigeration and Air Conditioning Contractors Association (ORAC) is the bargaining agent for the 300 contractors who employ some 4,000 unionized refrigeration/air conditioning technicians in Ontario. ORAC is celebrating its 55th year of assisting its members to navigate a continuously changing industry as it responds to climate concerns and energy conservation targets. ORAC represents both commercial and residential contractors in union negotiations and helps them in their interactions with government and regulatory agencies such as TSSA.

HVACR WORKFORCE DEVELOPMENT

It is estimated that 87,300 workers will retire, or nearly 20 percent of the overall Ontario construction workforce between 2018-2027.¹ By 2025, one in five jobs in Ontario are expected to be in the skilled trades and the data suggests that the need to replace retiring workers is greater for skilled trades' workers than for other occupations.

In recent months, the Government of Ontario has made commitments aimed at addressing the shortage of tradespeople and knowledge required to meet the growing demand for energy efficiency in the built environment. There is a deficit in the availability of skills training required to support energy efficiency and carbon reduction targets in buildings. Existing workers need upgrade training and certification to install more sophisticated and advanced low-carbon technologies safely and properly. In addition to meeting the upskilling needs of existing industry personnel, training must be deployed for re-skilling by creating new employment pathways for displaced workers from other sectors. In order to meet the expected demands of transitioning to a low-carbon economy and a retiring workforce, Ontario must make substantial and targeted support for the HVACR industry.

Government initiatives need to start delivering new participants to the skilled trades now in order to be effective. Adding a new apprentice to a project or team does not adequately replace a retiring tradesperson with decades of experience. We must ensure overlap to ensure the transition of knowledge from one generation to the next.

The HVACR industry will play a critical role in the transition to a low-carbon economy. However, to realize the full potential of this transformation the industry will require strategic workforce development elements, and these will require various forms of support from government.

- **Supporting a smooth transition:** The HVACR sector will eventually navigate to where the market is going but, without a shift in business culture, it will not do so at the pace that meets government targets. HRAI wants to partner with governments to ensure this transition proceeds smoothly and efficiently with industry leading the way. An accelerated transition will require strategic supports from government.
- **Upskilling and re-skilling:** There are deficits in the availability of skills training required to support net-zero emissions in buildings. Existing workers need upgraded training and certification to install more sophisticated and advanced low-carbon technologies safely and properly. In addition to meeting the upskilling needs of existing industry personnel, training can be deployed for re-skilling by creating new employment pathways for displaced workers from other sectors.

The HVACR industry recommends the Government of Ontario commit \$5 million to support an HVACR workforce development plan that ensures an adequate supply of appropriately qualified industry personnel to meet the emerging needs resulting from the shift to a low carbon economy.

¹ BuildForce Canada estimates 87,300 workers will retire, or nearly 20 percent of the overall Ontario construction workforce between 2018-2027.

HVACR MANUFACTURING SUPPORT

Local manufacturers are at the heart of communities across the province, creating good-paying jobs for local families and attracting more investment. The Government of Ontario has over the past few years made major investments in supporting the return of local manufacturing in several industries across the province. We believe the Government of Ontario should explore appropriate supports to encourage HVACR manufacturing in the province, as our industry is ready to work with government to enhance existing and future domestic HVACR manufacturing.

This can be accomplished by expanding the Advanced Manufacturing and Innovation Competitiveness Stream of the Regional Development Program to include HVACR manufacturing as an eligible industry. This funding will offer support to HVACR manufacturers as they make investments in technology, equipment and skills to improve the industry's competitiveness. Such investment will boost local manufacturing and create new, good-paying jobs in communities.

To strengthen advanced manufacturing sectors in regions across the province. The program would provide cost-shared funding to businesses, municipalities and economic development organizations to help local communities attract investment, diversify their economies, and create jobs.

The HVACR industry recommends the Government of Ontario explore appropriate supports to encourage HVACR manufacturing in the province. This can be accomplished by expanding the Advanced Manufacturing and Innovation Competitiveness Stream of the Regional Development Program to include HVACR manufacturing as an eligible industry. This funding will offer support to HVACR manufacturers as they make investments in technology, equipment and skills to improve the industry's competitiveness.

RETROFIT PROGRAM FOR MUNICIPAL AND COMMUNITY BUILDINGS

A Municipal Building Retrofit Program will stimulate economic investment and job growth while reducing energy costs. Programs 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 would stimulate economic growth and investment, resulting in well-paid employment opportunities in all corners of the province.

The proposed program would support retrofits in capital projects that improve energy efficiency in municipal facilities. This funding would help Ontario communities of all sizes use less energy, which reduces their greenhouse gas (GHG) emissions and improves air quality.

Municipal and community facilities include administration buildings, police stations and fire halls, wastewater treatment plants, libraries, recreation centers and arenas. HRAI and ORAC would support a combination of these retrofits be covered through this program:

- Upgraded heating, ventilation and air conditioning (HVAC) systems and on-site renewable energy generation and storage (e.g., solar, wind, geothermal or geo-exchange systems);
- Fuel switching (e.g., connecting to low carbon district energy systems);
- Upgraded building components and materials (e.g., insulation, walls, windows);
- Advanced automation and control systems.

A Municipal and Community Building Retrofit Program can 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 enhance comfort and reduce operating costs for thousands of buildings across the province;
- 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 in Canada;
- 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. These are local jobs that cannot be outsourced; and
- There are thousands of Ontarians – newcomers, women and second career seekers -- who could benefit from upskilling and retraining to grow 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.

Driving down costs for municipal partners is one of the most compelling reasons to invest in the HVACR sector and in the performance of Ontario’s built environment. Improved performance will also help Ontario reach its climate change mitigation goals. Municipal partners will also benefit from significant cost savings over the long term if they can be helped to overcome the higher up-front costs of more efficient, lower carbon-emitting systems.

Readying the marketplace is critical, and our members are prepared to deliver significant facilities improvements. We are asking the provincial government to incentivize investments that will help overcome 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.

The HVACR industry recommends that the Government of Ontario invest in an incentive program which would enable Municipalities to invest in retrofits of heating, ventilation and air-conditioning systems to reduce GHG emissions from the built environment.

ELIMINATING MUNICIPAL CONTRACTOR 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 multiple permits in order to operate a business is inefficient 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. While this system is not without its own failings, there is at least a sense of “value for money.” In contrast, the fees charged by municipalities yield no additional oversight nor value and appear to be strictly for revenue generation purposes. Municipal fees range from \$140 to close to \$300 a year and some members are obliged to pay up in multiple jurisdictions.

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).

IMPROVING INDOOR AIR QUALITY

The pandemic has shone new light on the importance of maintaining healthy indoor environments. Ventilation, humidity control, air cleaning, and filtration can provide important indoor environmental protection against the spread of harmful airborne contaminants, including the potential transmission of viruses. Measures to improve indoor air quality are among the key mitigation actions that Ontarians can take in the environments where they live, work, learn and play to reduce the spread of the virus and other harmful pathogens.

HRAI and ORAC members are prepared to do more to provide needed expertise and guidance for minimizing the risk of aerosolized virus transmission while optimizing indoor air quality and improving the health, productivity and well-being of Ontarians, but there is a need to establish professional standards to guide activities and a need to raise public awareness about the need for acting on sound advice.

In the wake of several waves of COVID, and with the prospect of COVID-19 becoming an endemic disease, the HVACR industry requests that the Government of Ontario:

- A) Work with the HVACR industry and relevant building science and health experts to establish a professional workforce in Ontario capable of identifying and addressing indoor air quality (IAQ) problems in homes and buildings, with a view to minimizing health risks and creating healthy indoor environments. Relying on guidance from existing authorities (e.g. ASHRAE) this initiative would include professional standards, identification of testing equipping and setting standards for training and certification of IAQ professionals.***

- B) Work with the HVACR industry to develop and implement a \$2 million communications program, that seeks to educate Ontarians about the health benefits of investing in improved indoor air quality (IAQ), relying on proven technologies and practices.***