



August 20, 2020

Submission by the Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI) to the Standing Committee on Finance and Economic Affairs

Re: Impacts on Small and Medium Enterprises

Study of recommendations relating to the *Economic and Fiscal Update Act, 2020* and the impacts of the COVID-19 crisis on certain sectors of the economy

COMMITTEE MEMBERS

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Committee Clerk: Julia Douglas

cc Hon. Prabmeet Sarkaria, Minister of Small Business and Red Tape Reduction
Hon. Monte McNaughton, Minister of Labour, Training and Skills Development
Hon. Bill Walker, Minister of Energy
Hon. Jeff Yurek, Minister of the Environment, Conservation and Parks
Hon. Rod Phillips, Minister of Finance
Hon. Jill Dunlop, Associate Minister of Children and Women's Issues

INTRODUCTION

Thank you for the opportunity to provide this submission for the consideration of the Standing Committee on Finance and Economic Affairs regarding the impacts of COVID-19 on small and medium businesses.

HRAI-Canada is the national trade association for the heating, ventilation, air conditioning and refrigeration (HVACR) industry, representing over 1,250 member companies across the country and about approximately 900 businesses in Ontario. Our members include manufacturers, wholesalers and contractors who collectively employ tens of thousands of skilled trade professionals across the country and contribute more than \$12B annually to the Canadian economy. HRAI also provides technical certification training that is recognized throughout Canada.

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.

HRAI's members install and service the indoor air quality mechanical systems that keep schools, healthcare facilities, grocery stores, long term care homes, commercial and industrial buildings and homes across the province functioning safely and comfortably.

As we have indicated since the onset of the pandemic, HRAI is prepared to share expertise and guidance on how to make the HVAC systems in schools, long term care facilities and other buildings, particularly commercial buildings, more effective in lowering the risks of viral spread by optimizing indoor air quality.

The importance of maintaining indoor air quality and comfort in homes and buildings has been never more evident than it has in the past few months. HRAI's interest, like yours, is to ensure the health and safety of Ontarians, young and old.

IMPACT of COVID-19 on the HVACR SECTOR

Despite being identified as an essential service from the outset in all parts of the country, the HVACR sector was hit harder in Ontario than in any other province or territory. This was mainly the result of a decline in demand for anything but emergency repairs/replacements.

More recently, HRAI members working in the residential sector report that their businesses have returned to life in response to the hot summer temperatures. However, with continued uncertainty regarding COVID-19 and the potential second wave, there is no guarantee that this will continue into the fall and 2021.

Those working in the commercial building sector, in contrast, report a significant slowdown in regular business activities, due to the impact of closing of many buildings and institutions. The impact is being felt by existing employees and employers, and may be affecting job prospects for young adults as the hiring of apprentices and new staff has dramatically slowed. As an example,

one commercial contractor shared that where they normally would hire approximately 100 apprentices, this year, they have only hired three.

This slowdown is of course largely the result of the concern and reluctance of many to return to office towers and other commercial and industrial buildings given the significant concerns and questions people have regarding **if and how** the virus can be transmitted via a building's mechanical heating and cooling systems.

The HVACR commercial sector requires more attention and support. We have outlined two specific solutions as well as key regulatory and legislative changes as follows:

SOLUTIONS and OPPORTUNITIES

1) JOB CREATION, ENERGY COSTS SAVINGS and ENERGY EFFICIENCY

HRAI Canada urges provincial and federal governments to be bold and daring in their response to the economic recovery. HRAI requests that the provincial and federal government invest in a Home and Building Retrofit Program focused on reducing energy costs while improving indoor air quality. Many are concerned about ensuring we have healthy and safe indoor air environments in buildings across Ontario. At the same time, there is a need to address the cost of energy, to reduce carbon emissions, and to get people across the province back to work.

A **Home and Building Retrofit Program** would address these separate but related issues by:

- **Driving job creation and investment** in small and medium businesses and in well-paid trades jobs in communities across the province.¹
- **Improving energy productivity in buildings** (through upgraded envelopes and mechanical systems) which can significantly reduce energy costs for businesses and homeowners, freeing capital for investment or savings
- **Reducing carbon emissions** -- 17% of Canada's total GHG emissions are caused by the heating and cooling of buildings. Improving energy performance in the building sector will significantly reduce carbon emissions.
- **Generating new employment and apprenticeship opportunities** for those who have lost their jobs due to COVID-19. The pandemic has had a devastating impact on many sectors, particularly hospitality, tourism and retail. Meanwhile, the HVACR sector, like other skilled trades, has been struggling with a shortage of people enrolling in and graduating from skilled trades programs. 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.”

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.

2) HRAI TASK FORCE on COMMERCIAL/INSTITUTIONAL HVAC NEEDS

To help ensure a safe and sustainable re-opening of commercial and institutional buildings (including schools), HRAI believes that clear science-based guidance, standards and guidelines are needed. Accordingly, HRAI is forming an Advisory Council of industry experts, thought leaders and other stakeholders to compile, assess and disseminate industry guidelines and best practices for ventilation and other HVAC elements (filtration, humidification, air cleaning) in occupied spaces. We look forward to collaborating and ensuring that the Government of Ontario has the most relevant and timely information our sector can provide.

In relation to the re-opening of schools, HRAI recognizes that the government's investment of \$50 million to begin to address the backlog of existing ventilation issues within Ontario's schools is a positive step. As stated during our committee presentation, HRAI is ready to provide advice and guidance to relevant ministers, policy advisors and ministerial staff to ensure that licensed, registered and qualified HVACR contractors are utilized in as timely a way as possible.

Time, we know, is of the essence. The HVAC industry is ready to help provide solutions and are ready to help.

LEGISLATIVE and REGULATORY ISSUES

As for so 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) REGULATORY CHANGES

In efforts to improve productivity and to avoid increased costs, HRAI is requesting:

- a. That the Minister of Municipal Affairs and Housing ensure alignment of Ontario's building code with the National Building Code as per the Province's commitment to the Canada Free Trade Agreement and the Regulatory Cooperation Table.
- b. That the Minister of Energy ensure alignment of federal and provincial energy efficiency requirements to reduce regulatory industry burden and consumer costs.
- c. 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).

2) SKILLED TRADES SHORTAGES, GOVERNANCE and REGULATORY ISSUES

The HVACR industry employs a significant number of tradespersons and apprentices and these people are vital to the success of thousands of small business owners. HRAI is encouraged by this government's interest in and appreciation for the skilled trades. We applaud the decision to address apprenticeship ratios and the recent decision to invest in the promotion of career opportunities through Skills Ontario.

There remains a need, however, to resolve ongoing administrative issues and to commence consultation with industry about a meaningful replacement for the Ontario College of Trades. HRAI members remain concerned about:

- **Delays in Registration, Licensing and Certification**: Currently, the HVACR sector and many of our members are facing delays in registering apprentices and renewing licenses and certifications for existing workers and new hires. These documents are a requirement to enable existing staff and businesses the ability to work and to hire new graduates. These delays are restricting the ability of some employees to work. Fixing delays of this nature would be an important help for the HVACR sector.
- **Lack of Clarity regarding Governance**: The HVACR trades, like others, has long grappled with a shortage of people enrolling in and graduating from skilled trades programs. We are seeking opportunities to consult about a sustainable and meaningful replacement for the Ontario College of Trades. We appreciate that needs to be a thorough process, but there is a sense of urgency that this process should begin.
- **Skills Training and Apprenticeships**: As well, there is a pressing need to address concerns regarding skills training – in particular apprenticeship training and certification. The long overdue decision to change apprenticeship ratios to 1 to 1 has necessitated a need for an increased number of available spots – virtually or otherwise - in available seats for trades programs.

In addition, some of the actual training provided at the public and private career college system needs improvement. Our members continue to report serious deficiencies in the quality of the training of new grads, particularly in the gas certification programs, where there is currently no apprenticeship program available. Business owners are required to take significant time to train/retrain new grads to ensure they are ready to be 'on the tools'. This is a significant cost to a small and medium sized businesses.

We would note that, in a world defined by new COVID-related constraints, the apprenticeship system presents an excellent way to deliver training, as it done primarily on the job and not in the classroom. The theoretical training elements that are normally delivered in classroom settings can readily be delivered in virtual online training settings with minimal reduction in quality and effectiveness.

SUMMARY

In summary, HRAI recommends that, in order to address the pressing issues and the opportunities in the HVACR sector that will enable a more fulsome return to work, the Government of Ontario should:

- Invest in a Home and Building Retrofit program which will stimulate economic investment and job growth and reducing energy costs;
- Amend policies to ensure improvements to energy efficiency codes and standards;
- Address the identified regulatory issues in a meaningful way;
- Address the delays in the renewal of licenses and certifications of existing workers;
- Increase funding at the secondary school level to allow for HVAC training facilities to encourage interest in these trades;
- Increase available training seats and apprenticeship opportunities at colleges to address the skilled trades shortage and provide opportunities for youth, women and other; and
- Initiate consultation regarding skills training governance and regulation to create a system that works for employers, tradespersons and apprentices, while ensuring a high standard of safety for the people of Ontario.

HRAI remains committed to working with the Government of Ontario to bring the economy back to full health, in a safe and responsible fashion. We look forward to working with you and members of other ministries to ensure the ventilation and air circulation issues within our schools are addressed in a timely manner.

As we have indicated since the onset of the pandemic, we are very willing and looking for opportunities to provide our subject matter expertise and recommendations regarding how to make the air inside schools, long term care homes and other buildings, particularly commercial buildings, safe for reopening.

Again, thank you all for the leadership you have provided to the citizens of Ontario during these most challenging times.

Submitted by:

Martin Luymes, VP, Government and Stakeholder Relations
Dorothy McCabe, Government Relations Specialist, Ontario