Canadian Institute
of Plumbing & Heating

Aligning Goals for Canada's Net-Zero Future

Pre-Budget Submission to the Department of Finance

February 9th, 2024

Our Recommendation

1. That the federal government create three integrated regulatory and planning pathways to harmonize departmental and jurisdictional plans for the transition to net-zero and a low-carbon economy. The three streams should focus on:

   a. Training workers;

   b. Technological development; and

   c. Consumer awareness and adoption.

The Challenge

Canada's built environment includes almost 16.5 million buildings between homes and public and commercial buildings. The operation of these buildings is responsible for 18% of Canada's greenhouse gas (GHG) emissions. To meet the net-zero goals set by the federal government, product manufacturers, distributors, wholesalers, and trade contractors in our sector will need to successfully navigate a rapidly transforming market.

Nearly 80% of building emissions come from heating spaces and water. Adapting to systems that use cleaner fuels and run more efficiently requires a rapid increase in the efficiency of new builds, and a long-term strategy to perform deep retrofits on Canada's existing building stock. Our sector is requesting support to navigate this transition through the creation of three distinct but integrated regulatory and planning pathways to ensure a harmonized plan with defined timelines across departments and jurisdictions.

To meet Canada's climate goals, our industry must undergo dramatic regulatory updates, and will be expected to adapt quickly to uncharted territory. We are facing the additional challenge of incongruous timelines across jurisdictions, creating supply chain issues for Canadian businesses. Addressing this will require the federal government to bring municipalities and provinces and territories together to create a consistent way forward across the country.

The upcoming release of the Canada Green Building Strategy is highly anticipated by the sector and will likely continue to bring us closer to a defined regulatory framework. However, if the strategy does not clearly define pathways and timelines, our industry will be held back from doing its essential work to ensure a safe and sustainable future for all Canadians.

Our Solution

The transition to a net-zero economy requires a high level of integrated collaboration across federal departments, across levels of government, and between industry and government.
To navigate this transition and achieve Canada's net-zero and climate resilience commitments, we need three distinct but integrated pathways that will address each of the three main avenues towards a climate resilient built environment: training, technology, and the consumer.

Regulatory Harmonization Pathways for Training, Technology, and Consumer Streams

These pathways will allow us to address the three major issue areas slowing the transition to net-zero and will ensure that all levels of government and industry are operating with the same timelines, the same goals, the same tools, and with adequate labour supports.

Training

Like other industries, Canada's plumbing and heating sector faces acute labour shortages across the country. The economic impacts are clearly indicated within survey data collected across CIPH membership: 62 per cent of respondents had lost contracts, been forced to turn them down, or had paid late delivery penalties due to a lack of skilled workers over the past year, generating an estimated $13 billion in economic losses; and 43 per cent of respondents had cancelled or deferred planned investments due to insufficient skilled labour.

A pathway to address labour shortages and training will help fill labour gaps by recruiting new workers and upskilling existing workers to ensure their training is up-to-date with advancements in climate resilience and net-zero.

A training pathway should focus on highlighting the importance of our industry in the net-zero transition by:

- Highlighting the skilled trades as legitimate, respectable career choice;
- Bringing trades education into grade schools; and
- Building out existing trades to ensure that all are net-zero-ready.

Technology

To keep the industry sustainable and able to adapt to more long-lasting components and structures, regulations must be modernized alongside technology's continuous improvements and shift towards environmentally friendly methods.

A technology pathway should focus on bringing all stakeholders to the table to share their experiences and expertise to:

- Ensure that we are creating a long-term, sustainable solution;
- Leverage international best practices; and
- Provide financial support to the industry to support research and development (R&D) to enable the timely transition.

Consumer

Consumer buy-in is critical to achieving Canada's climate goals. Education, alongside appropriate incentives and deterrents, are key to ensuring that consumers are able to make the choices that work best for them. Providing education and economic incentives – including creating and implementing supports that will make new technologies cost neutral (or cost effective) compared to current costs for water and space heating needs – to support Canadians in the long-term will allow our industry to provide them with the on-the-ground support that they need.

A consumer pathway should focus on providing incentives and deterrents to encourage the consumer shift to low carbon by:

- Presenting the information accessibly and early;
- Addressing the realities of cost in the short- and long-term;
- Changing the current culture around plumbing and heating technologies; and
- Outlining realistic timelines and the required technologies to increase the likelihood of a successful transition.

Conclusion

CIPH remains ready to work collaboratively with government and other stakeholders to develop and implement these pathways. The harmonization of timelines and regulations across jurisdictions is critical, and cannot be achieved without all parties working together to achieve the government's decarbonization and GHG emissions reduction goals for new builds and retrofits.

Who We Are

Founded in Montreal in 1933, the Canadian Institute of Plumbing and Heating (CIPH) is a not-for-profit trade association that is committed to providing members with the tools for success in today's competitive environment. More than 283 companies are members of this influential Canadian industry association. They are the manufacturers, wholesaler distributors, master distributors, manufacturers' agents, and allied companies who manufacture and distribute plumbing, heating, hydronic, industrial PVF, and waterworks, and other mechanical products. CIPH wholesalers operate more than 800 warehouses and showrooms across Canada. Total industry sales exceed $10 billion annually and CIPH members have more than 20,000 employees from coast to coast.

Market Transformation Statement

CIPH supports market transformation towards a sustainable and effective lower carbon economy that allows consumers comfort and affordable choices while safeguarding health and safety. Our members' and industry's ability to provide practical and innovative solutions for present and future generations will assist Canadian governmental bodies in achieving climate change objectives, the conservation of our natural resources, the preservation and the protection of our existing built environment.

Government and industry benefit when working together. Industry works best when:

- We are consulted early in developing policies, pilot and incentive programs, data gathering, standardization and regulation;
- Our collective strength is harnessed to create a collaborative and coordinated approach;
- We are given clear, manageable timelines, with appropriate commitment and advance notice;
- A necessary regulatory framework balances costs and measurable benefits using validated empirical data to support initiatives;
- We consider the entire building as a system; taking into account not only the heating and cooling technologies, but how they interact with all systems in the structure;
- We understand the full business/supply chain infrastructure; and
- Effective approaches are included for new and retrofit/replacement.

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