



IKEA CANADA

PRE-BUDGET SUBMISSION IN ADVANCE OF THE UPCOMING
FEDERAL BUDGET

August 2023





RECOMMENDATIONS

Recommendation 1: That the government implement increased investments into supporting strong and stable trade corridors, including ports and rail, across Canada.

Recommendation 2: That the government implement increased investment into building Made-in-Canada solutions for the growth of electric vehicle infrastructure.

Recommendation 3: That the government implement a consumer-based rebate for the purchase of affordable, climate-positive consumer goods and energy-saving products in relation to growing a net-zero economy.

Recommendation 4: That the government implement a national Circular Economy Infrastructure Fund in relation to encouraging sustainable economic growth.

BUILDING A BETTER CANADA

Having called Canada home for more than 46 years, IKEA is the nation's leading home furnishing retailer, offering well-designed, functional, sustainable products at affordable prices. We operate 16 stores, 4 distribution centres, 2 windfarms and 1 customer support centre in Canada, employing more than 7900 co-workers across the country. However, our business is much broader in scope:

- We are an energy company. Our windfarms in Alberta and solar panels on our buildings generate renewable energy equivalent to four times our total consumption.
- IKEA is also a community recycling depot, taking in such items as batteries, lightbulbs and mattresses that do not have easy municipal collection streams.
- We are a leader in the food service industry and grocery sector, with our restaurants, Swedish Food Hall and walk-up Bistro generating \$79M in sales.
- IKEA is a logistics and transportation company that moves billions of dollars' worth of goods from ports, warehouses, stores, and to our customers' homes.



In everything we do, the purpose of IKEA is to create a better everyday life for the many people and do so in a way that is affordable, sustainable and respects human rights. We are proud to lead our business in a way that meets the needs and expectations of Canadians.

HELPING CANADIANS CREATE A BETTER HOME

Canadians, from coast-to-coast-to-coast, want to live their best lives. They want to feel comfortable, safe, and secure both in their homes and their communities. However more and more, average Canadians have less confidence that they will be able to live the life they want.¹ Housing unaffordability, increasing grocery prices, and even environmental issues such as more severe fires & floods, have stressed many people.

While people feel uneasy about the way they are currently living, Canadians should not feel alone. IKEA sees our role as a strong advocate for both people and the planet, within the company and the communities we serve. We translate this into action through:

¹ Canadian Social Survey on Quality of Life and Cost of Living, Statistics Canada

- Paid Wellness Days, offering more flexibility for co-workers to manage responsibilities outside of work.
- Scheduling shifts four weeks in advance to help co-workers better balance work and family.
- Leading climate change action through key investments such as a commitment of 100 per cent zero-emissions for “last-mile” deliveries by 2025.



- Working with partners such as the Furniture Bank to build community capacity, ensuring that everyone has access to the basic necessities to create a home.

IKEA believes that helping Canadians is not the sole responsibility of government. As a corporate leader, we have a responsibility to care for our co-workers, customers, and communities. The public interest is shared amongst all Canadians.

RECOMMENDATION 1: Investment into supporting strong and stable trade corridors, including ports and rail, across Canada

Canada’s vast geography requires on-going investments to ensure goods can be moved across the country in an efficient manner. Timely movement of cargo ensures that Canadians will have equal access to these goods at the lowest prices possible. However, over the last few years, Canadians have seen vital supply chains become more fragile as a result of unpredictable national infrastructure. Increased delays at ports have seen the slower movement of goods. In addition, climate change has seen increasingly severe fires and floods that have affected Canadian infrastructure. **On-going investments into Canada’s trade corridors would further strengthen the economy and provide Canadians with a level of confidence that goods will arrive on time and at the least cost.**

RECOMMENDATION 2: Investment into building Made-in-Canada solutions for the growth of electric vehicle infrastructure

The 2023 federal budget made clear commitments for investments into growing the electric vehicle (EV) sector. With a robust and accessible network of EV charging stations, both private and public, Canada will help realize its net-zero emissions targets by 2050. However, incentivizing the purchase of EV commercial vehicles and associated infrastructure can be further coupled with new investments. This includes fostering mineral



independence, allowing for domestic extraction and processing of raw materials to ensure Canada has a strong domestic foundation to be a leader in EV. In addition, EVs, especially commercial-use, continue to experience a lag in expected growth. Limited battery life, cold weather operating limitations, and lack of a robust commercial charging infrastructure pose key barriers to broader uptake. **Increased investments into EV research and development will generate made-in-Canada solutions, create jobs, and allow Canada to become a world leader in green technology.** In addition, while net-zero innovation is often coupled with a “new tech”, **investments into “low-tech” solutions such as biking, should be equally accessible under federal program funding that encourages the development of net-zero solutions.**

RECOMMENDATION 3: Make climate change action more affordable for Canadians

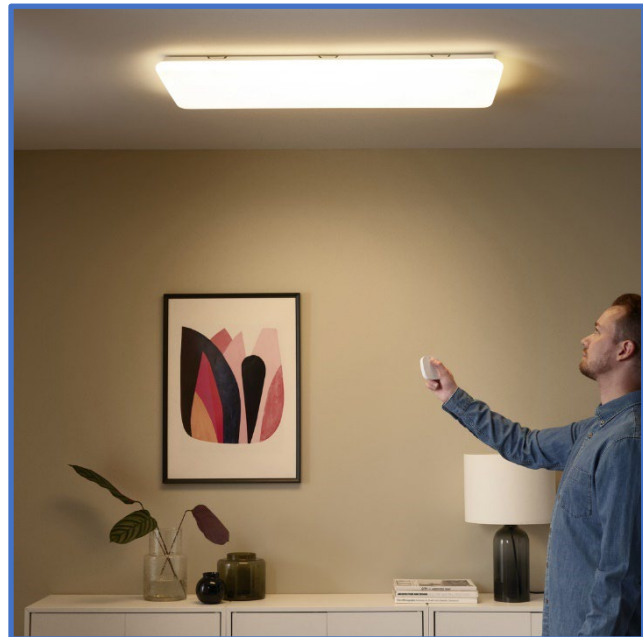
Canada is well-positioned in the fight against climate change, with proposed actions that are focused on large-scale sectoral initiatives such as energy (oil/gas), transportation, and agriculture. Budget 2023 encouraged leveraging the expertise of the private sector and incentivizing businesses to reduce their emissions. However, there are fewer opportunities for average Canadians to do their share in reducing harmful greenhouse gas emissions. The actions of millions of Canadians have contributed to climate change – the solution should also involve all Canadians.

At present, buildings, including 14.1 million residential homes in Canada, account for 17% of Canada’s energy use, 83% of which is used for space and water heating.² Canadians are acutely aware of their own carbon footprints. IKEA surveyed Canadians on climate change and

² [A Homeowner’s Guide to Energy Efficiency](#), Canadian Real Estate Association,

90% of consumers said they are willing to change their behaviour to fight climate change. However, almost half said they were unsure of how they could be part of the solution.³

Canadians want to be an integral part of Canada's plan to achieve net-zero emissions by 2050. There is a great deal that households can do in the fight against climate change. The federal government has already made great strides to encourage Canadians to save energy. Programs such as the Canada Greener Homes Grant help make homes more energy efficient. Yet many of these opportunities are out-of-reach for Canadian homeowners. Given cost-of-living pressures, expensive structural retrofits have become increasingly unaffordable to many Canadians. Energy efficiency can equally be achieved through encouraging simple in-home changes. For example, switching to LED lightbulbs or adding occupancy sensors that turn on and off automatically have clear impacts in reducing household energy use. LED lights can save up to 85% on energy and last for up to 20 years.⁴ Furthermore, Canadian families are keenly aware that wasting less energy at home not only helps the planet, but also means saving more money at a time of high cost-of-living. **The introduction of a point-of-sale rebate for consumers for the purchase of sustainable, climate-positive consumer goods and energy-saving products** will help encourage greater household energy efficiency and save Canadians money. There is a clear opportunity to develop options to better empower Canadian families in the pursuit of macro and micro carbon-positive actions in their daily lives, ensuring that average Canadians can be part of the solution when it comes to climate change action.



LED lights can save up to 85% on energy and last for up to 20 years.⁴ Furthermore, Canadian families are keenly aware that wasting less energy at home not only helps the planet, but also means saving more money at a time of high cost-of-living. **The introduction of a point-of-sale rebate for consumers for the purchase of sustainable, climate-positive consumer goods and energy-saving products** will help encourage greater household energy efficiency and save Canadians money. There is a clear opportunity to develop options to better empower Canadian families in the pursuit of macro and micro carbon-positive actions in their daily lives, ensuring that average Canadians can be part of the solution when it comes to climate change action.

RECOMMENDATION 4: Make it easier for Canadians to create less waste

A large contributor to the climate crisis is the amount of waste created by Canadians; emissions from Canadian landfills account for 23% of national methane emissions.⁵ Addressing climate change requires Canadians to think smarter about their day-to-day habits including what they throw out.

The circular economy is a new way of doing business that extracts as much value as possible from resources by recycling, repairing, reusing, repurposing, or refurbishing products and materials, even eliminating waste and greenhouse gas emissions at the design stage.⁶ But still, too much waste still contains usable resources. While there is immense value in

³ IKEA Climate Action Report -2018, p. 13

⁴ [IKEA Canada LED lights](#)

⁵ [Waste and greenhouse gases](#): Canada's actions, Government of Canada

⁶ [Circular Economy](#), Government of Canada

extracting materials from the waste stream, at times convenient and seamless options that allow Canadians to live more circular do not always exist.

The federal government's commitment in the 2023 Budget to Right of Repair is a positive step forward however it only extends to devices and appliances. While Right to Repair and other initiatives such as the Clean Growth Program, Innovative Solutions Canada, and Low Carbon Economy Challenge enable circular innovation, accessibility to community-based circular goods and services are disproportionate across Canada. At the moment, each community has differing approaches and options for circularity, with no clear national strategic framework around circularity. Similar to how recycling has become standardized in every community, a



focused national Circular Economy Infrastructure Fund would go far in helping common reuse and repair options across Canada. This includes start-up investment into local-level circular services and small-business support such as tool libraries, permanent repair + care storefronts, furniture banks, and other reuse and repair options. While at the moment

these types of circular services do exist, they differ dramatically from community to community and are often charity-driven.

Building Canada's circular infrastructure also includes support for those businesses working to build the circular economy by providing resale, repair, reuse, and refurbishment goods and services. These circular businesses are led by green entrepreneurs that create jobs, successfully balancing private business with the public interest, making our communities better places to live. **Future federal investment in a national Circular Economy Infrastructure Fund would include:**

- **Funding for circular entrepreneurs to grow local repair/reuse goods and services.**
- **Specific seed funding for municipalities to create sustainable waste options to co-equally include recycling, reuse, and repair.**
- **Remove the HST from the resale of second-hand items, which currently sees the same item taxed over and over again, as well as repair services.**
- **Inclusion of "social enterprises" in the Income Tax Act to recognize that an emerging category of private businesses currently operate to benefit of the public or a sufficient segment of the public.**

At the moment, most of the federal funding around building the circular economy is targeted to specific, time-limited initiatives within specific communities. Broadening the scope of existing federal circular funding opportunities, as adopted by a number of European jurisdictions, will help grow the circular economy, creating more accessible options, helping Canadians live a better life.⁷

CONCLUSION

Empowering Canadians to change daily habits can add up to big changes. While housing affordability is a key focus for many Canadians, how people are living in their homes is equally important. Housing security and household stability are interlinked. The large-scale climate and housing initiatives already announced by the federal government can be extended to allow Canadians to



tackle climate change in their daily lives. Incentivizing better habits, coupled with small and large-scale investments in our households and communities, can help move Canadians toward better choices. Encouraging and investing in Canadians will spur economic growth, create jobs, and build a better Canada.

CONTACT

Timothy B. Fuchs
Head of Public Affairs
IKEA Canada
1065 Plains Road East, Burlington ON L7T 4K1

E-mail: timothy.fuchs@ingka.ikea.com

Web: www.IKEA.ca

⁷ Reuse in Canada Landscape Scan: Understanding Opportunities to Advance Reuse Systems, National Zero Waste Council, p. 122