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⊕ (1530)

[*English*]

The Chair (Hon. Michael Chong (Wellington—Halton Hills, CPC)): Welcome to the 40th meeting of the Standing Committee on Industry, Science and Technology this Wednesday, October 28, 2009.

We're here today pursuant to the order of reference of Wednesday, May 13, 2009 concerning Bill C-273, An Act to amend the Competition Act and the Canadian Environmental Protection Act, 1999, otherwise known as The Right to Repair Act.

Today we have in front of us two groups of witnesses. The first witness is our esteemed colleague, Mr. Masse, the MP for Windsor West, who moved this bill in the House.

The second group of witnesses are representatives from four different organizations: the Automotive Industries Association of Canada; the National Automotive Trades Association; the Canadian Vehicle Manufacturers' Association; and finally, the Association of International Automobile Manufacturers of Canada.

We have Mr. Smith, Mr. Adams, Mr. Finch, Mr. Wilson, and Mr. Brazeau, who represent those various organizations. Welcome to you all.

We're going to begin with 15 minutes of opening remarks and comments from Mr. Masse. Go ahead.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair, and thank you to my colleagues.

I may not take the full 15 minutes but I do want to take an opportunity to at least introduce this bill, Bill C-273, as you noted affectionately known as The Right to Repair and provide the public with some background as to why the bill was brought forth, what's taken place, and as well what's going to happen in the future. This has been an exciting opportunity for myself, coming from the auto sector of Windsor, Ontario, the capital of auto sector of Canada, being able to work on another auto issue. It's been a lot of time in the House of Commons working on the production and actual distribution of vehicles.

What came about was I was presented with a case of problems in the aftermarket with regard to onboard diagnostics that were introduced in 1996, a concern of people getting the proper equipment, training, and software. I quickly found through some research that there were some concerns about this issue. As I went around and visited my local shops in the Windsor and Essex county area I did confirm some of the concerns that were being brought forth. Some for very legitimate reasons, some for reasons that I thought were not necessarily fair. The reason I felt it was important for the bill to come forward is to engage in good public debate, and as well too to look at this through the eyes of not only just the consumer, but also the environment, and also protection of I guess the standards on the roads.

What was happening is that some vehicles couldn't get repairs in the aftermarket shops that perhaps were happening two miles across the water from my hometown in Detroit, Michigan. It's interesting to note that some of those repairs were being done by people who are less trained because the qualifications of the technicians in Canada are actually superior to those of the United States.

When we introduced this bill it actually had a lot of public interest. I would like to thank all those who took place in that debate on both sides, but also too the general public that started to step forward and raise the issues. The bill moved through the House of Commons, as everyone knows. Most recently it passed with 247 in favour, so the House of Commons obviously noted this was going to be a very significant issue that we should look at.

To be clear as well too, I had an opportunity to go across this country. When I went to Edmonton for example I found the same problems that were in my community with say for

example certain software not being available. When I went out to British Columbia, the same thing as well. As well as most recently out in the Halifax area where I met with technician Ken Pickles. He went through a series of demonstrations of issues and technology that had been purchased but wasn't able to be successfully used. What that meant for the consumer was they had less options. You also found out that there were some real solutions that could take place.

Recently, as we all know, because of this activity and debate out in the public, the minister signed on, together with the auto industry in the aftermarket, a voluntary agreement that came forward. There were some concerns that I had with that voluntary agreement because I felt that legislation still was the place that the bill should be at the end of the day. At the same time, from that voluntary agreement announcement, there's also been additional inclusion of others including the AIA in issues that look like they're headed towards resolution.

Here today, I want thank on the public record. We're going to move into some deliberations with the groups that are here today. I do want to read some names, Mr. Chair. Since I have 15 minutes I do want to read these names because people worked hard and came forward on this. That's how I would like to spend and we can get into the delve of issues later on.

First I want to thank John Stickley of Midas Automotive in Halifax, Nova Scotia; Ron Jones of Mid Island Automotive, Nanaimo, B.C.; Bob Oliver, executive director of Pollution Probe; Bento from Bento Automotive; Dave Santing from OK Tire from the Windsor Professional Auto Repair Association; John Sawatsky from MSJ Automotive, Windsor Professional Auto Repair Association; Nancy and Roger Suranyi, of Namao Automotive in Edmonton; Mario Shucart from Canadian Tire; Art Wilterman, Devon Jacobs, and Scott Smith from AIA; Chris White from CAA; Eric Lamoureux from CIA; Cynthia Lee from CIA; Dan Houle from ASPQ; Andrea Chamberlain from NAFA, Rockland; Cindy Wolf from NAFA, Morrisburg; Bob Blakely from BTC; and Daniel Retch who is one the actual technicians that came forward for a press conference. I will make sure the translators have all these names and information, Mr. Chair.

I would like to also conclude by thanking the thousands of Canadians who sent in e-mails, suggestions for improvements to the bill, and debated it. It's very important that we had that contact.

⊕ (1535)

It's very important that we have that contact. I know on the Hill there was intense lobbying on both sides--those who had concerns about the bill, but also those who very much supported the bill--and we appreciated that input.

Additionally I would like to thank CVMA, AIAMC, and AIA for their efforts over the last few weeks as this bill has moved forward in terms of the discussion and the debate.

And should we actually have what I'm hopeful will be a good, solid presentation in front of us and some solutions, then I have a motion that I will be moving at the appropriate time that could dispose of the conclusion of this process.

I want to thank once again all those who have participated, and the upcoming witnesses, and of course the committee for taking this interest.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Masse.

We'll now begin with about five minutes of opening comments from each of the four groups.

[*Français*]

Nous allons commencer avec M. Brazeau.

[*English*]

Mr. Marc Brazeau (President, Automotive Industries Association of Canada): Thank you, Mr. Chair.

I am grateful for the opportunity to address the committee this afternoon, concerning Bill C-273.

My name is Marc Brazeau and I am the president of the Automotive Industries Association of Canada. Along with me I have Scott Smith, our director of government and industry relations.

[*Français*]

L'AIA est une association commerciale nationale qui représente l'industrie du marché secondaire de l'automobile au Canada, une industrie de 16,7 milliards de dollars qui emploie plus de 410 000 Canadiens et Canadiennes. L'industrie se compose d'entreprises engagées dans la fabrication, la distribution et l'installation de pièces de rechange, d'accessoires, d'outils et d'équipement pour le secteur de l'automobile.

En plus de ses membres répartis dans plus de 1 800 établissements et succursales, la portée de l'AIA Canada s'étend à plus de 7 000 installations d'entretien et de réparations automobile qui sont directement affiliées à nos membres. Je suis ici pour présenter la position de l'AIA Canada dans le dossier de l'accès aux renseignements d'entretien, à la formation et aux outils par l'industrie du marché secondaire de l'automobile du Canada, c'est-à-dire les gens qui font l'entretien et la réparation de vos véhicules.

Je suis également ici pour énoncer la position de l'Association des industries de l'automobile du Canada à propos de l'avancement et de la situation du projet de loi C-273 portant aussi le nom du droit de réparer. Je vais être très clair. L'AIA ne considère plus que l'adoption du projet de loi à ce sujet est nécessaire. Une entente a été conclue entre les constructeurs de véhicules et le marché secondaire et l'AIA a exprimé le voeu de participer aux dispositions en signant cette entente.

⊕ (1540)

[*English*]

It has been a long road to get to where we are right now. With the indulgence of the committee, I would like to provide a brief explanation of how we arrived at this point and why we believe that legislation is no longer necessary.

In 1996, on-board diagnostic capabilities for emission systems was mandated in the United States for all vehicles 1998 and newer. The system is referred to as OBD-II.

The platforms designed by the car companies to meet the requirements of OBD-II have allowed the evolution of electronic repairs or software-based repairs. Industry lexicon refers to those software-based repairs as flash downloads. The term “flash downloads” can refer to a variety of procedures that can relate to the updating or recalibrating of the vehicle's computer or control modules, or to the initializing of various newly-installed parts.

Access to this flash download information is not available to the aftermarket from all car companies, nor are the factory-specific tools and training required to service modern vehicles available from all car companies.

As technology and the utility of the OBD-II platform evolved as a key component of the repair process, so too evolved the urgency for the aftermarket to have access to this information. On late model vehicles there are many repair procedures that are not possible to complete without access to Reflash software. In a February 2006 report commissioned by AIA, DesRosiers Automotive Consultants estimated that the loss of business to the aftermarket should access to information remain unresolved could be as high as \$4 billion by 2010.

The issue of access to information was addressed first in the United States through what was referred to as the Arizona Project, an attempt to legislate access to emissions-related repair information in the state of Arizona. Ultimately this resulted in regulations under the Clean Air Act that mandated vehicle manufacturers to provide emissions-related repair information to the automotive aftermarket and the general public over the Internet.

[*Français*]

Dans le cadre d'un processus parallèle, les constructeurs de véhicules et des représentants du marché secondaire ont structuré une approche volontaire de rechange en vue de la distribution des renseignements d'entretien des véhicules. L'entente portant sur les normes a donné lieu à la création d'une organisation appelée *National Automotive Service Task Force*.

[*English*]

While it impacts businesses, the right to repair is fundamentally an issue of consumer choice. The after market consistently ranks high in consumer satisfaction in an annual survey by J.D.

Power and Associates. Our goal has always been to protect the businesses that provide that consumer choice.

[Français]

Il s'agit d'un dossier d'envergure mondiale et des références au dossier du droit à la réparation existent en Europe, aux États-Unis, en Amérique du Sud et dans les Caraïbes.

[English]

AIA identified access to OEM service information, tools and training, as a priority issue for its members in 2004. A coalition of industry stakeholders agreed on a path forward at the time that focused on securing industry consensus and the voluntary distribution of information for fair market value compensation.

⊕ (1545)

[Français]

De 2004 à 2006, l'AIA et ses partenaires ont tenté d'engager les consultants de véhicules dans un dialogue en vue de constituer au Canada un organisme du même genre que celui du NASTF, The National Automotive Service Task Force. Malgré de nombreuses tentatives d'amorcer un dialogue, y compris une lettre du ministre de l'Industrie, Maxime Bernier, alors en poste, les sociétés d'automobile n'avaient pas admis le problème ni donné suite à notre vœu d'arriver volontairement à une solution.

[English]

In 2007, Bill C-425 private members' bill was introduced in the House of Commons by member of Parliament for Windsor West Mr. Brian Masse. Due to the lack of progress with a voluntary solution, the concept of a legislative solution was endorsed by AIA and its partners. After the federal election in the fall of 2008, Bill C-425 was reintroduced as Bill C-273 to parliament in January of 2009. As no progress had been made on a voluntary solution up to that point, AIA and its partners fully endorsed Bill C-273 and asked all members of parliament to consider its merits. In April of 2009, the Minister of Industry, Hon. Tony Clement issued a letter to the vehicle manufacturers asking them to consider the creation of a voluntary option to resolve the differences within the automotive industry. On April 29, AIA participated in a meeting with the vehicle manufacturers, their associations, and other after market representatives. This meeting terminated in an expectation to sign a letter of intent that made demands that AIA could not agree to at that time.

Although AIA did request to be included in the discussions regarding the formation of an agreement, AIA did not participate in the creation of the CASIS document.

[Français]

Peu importe la manière dont cette entente a finalement été conclue, elle repose sur le principe central que les renseignements, la formation et les outils mis à la disposition du marché secondaire dans un format compatible avec celui utilisé pour les concessionnaires autorisés des constructeurs de véhicules, c'est ce que nous demandions depuis 2004. Lors d'une réunion entre l'AIA et les signataires de l'entente le 15 octobre, l'architecture réactive de l'entente a été exprimée sous forme d'une ligne directrice d'interprétation qui a clarifié une préoccupation fondamentale de l'AIA à l'égard de l'entente. C'est ce geste qui a persuadé l'AIA de la validité de l'entente.

[English]

To conclude my remarks, I offer the following: AIA believes the most expedient and reactive way to manage access to information is through the committed structure provided by CASIS. We also believe that because of the commitment demonstrated by the signatory parties, that legislation is no longer necessary. AIA looks forward to a more collaborative and open partnership within the automotive industry particularly with the Canadian Vehicle Manufacturers Association, the Association of International Automobile Manufacturers of Canada, the National Automotive Trades Association. I would like to take this opportunity to thank all members of Parliament, as well as the committee members for their indulgence and their assistance over the past years in raising the awareness of this issue. I would like to particularly thank Mr. Brian Masse for his courage and passion on this issue, and for helping bring this to a fair and workable conclusion.

Mr. Chairman, those are my remarks.

The Chair: Merci, Mr. Brazeau.

[Français]

Maintenant,

[English]

we'll go to Mr. Finch from the National Automotive Trades Association.

Go ahead.

Mr. Dale Finch (Executive Vice-President, National Automotive Trades Association):
Thank you, Chair.

I'd like to begin by thanking all the members of the committee for inviting the National Automotive Trades Association to express its views with respect to Bill C-273.

I would also like to commend Mr. Masse for bringing this issue to the forefront. It has brought us to this position today.

NATA is an association of associations. It is made up of major provincial and regional automotive associations across Canada. Collectively, our group represents some 5,000 grassroots repair and service facilities that employ approximately 50,000 Canadians. Our membership has a high contingent of collisions repairers.

NATA has been involved in the search for a solution of the information access, commonly known as Right to Repair since 2001. Our preference, which has always been an industry-led voluntary process rather than legislation, has been proven successful in the United States.

For clarity, I would like a moment to describe the issue from our perspective and why it is important that a solution is achieved.

Back in 2001, a technical instructor working with our Ontario affiliate, the Automotive Aftermarket Retailers of Ontario, discovered that Canadians were unable to subscribe to a number of the OEM technical information websites that were set up to address the same issue in the United States. I'm referring to the websites overseen by the National Automotive Service Task Force, commonly known as NASTF.

Obviously, if an independent repair facility cannot access tools, training, and repair information, it cannot complete services and repairs to a vehicle. Instead, they must send the customer to the nearest dealership for those repairs. In many parts of Canada, particularly in rural areas, not all manufacturers have a franchise dealership close by, so our members are the ones who Canadian consumers turn to for automotive service. Even in urban centres Canadians want freedom of choice when it's time to take their vehicles in for service or repair. The number of dealerships with collision repair facilities is even smaller.

Public safety is an important factor in collision repair. Vehicles must be repaired properly so they're returned to original specifications that can be counted on to react to a subsequent collision impact the way the manufacturer intended. This requires the proper tools, training, and repair information.

To address this issue, NATA decided to emulate the work done by its counterparts, the Automotive Service Association in the U.S. Representing the automotive aftermarket service and repair industry, the ASA worked with U.S. car companies to reach a voluntary agreement. NASTF was formed to oversee the system and resolve any identified gaps in information. This system has been operating successfully for nearly a decade.

I will now explain why a voluntary agreement can do the job much better than legislation.

We see the legislation as an imperfect last resort, only to be used if a satisfactory, voluntary agreement could not be achieved. NATA believes that, due to its technical complexity, the issue cannot easily be addressed by a legislative solution. Because of its rigidity, legislation would likely lead to interpretation or compliance issues. This would lead to litigation, which is an expensive and lengthy process.

The flow of information from automakers to the independent repair facilities would stop while awaiting the outcome. This would not serve the interests of the automotive aftermarket industry or the consumer because vehicles would still have to be taken to authorized dealerships for certain type of repairs.

This is the route of the issue Bill C-273 seeks to remedy, but, if passed, the bill could inadvertently cause information access issues to become protracted. The industry-led voluntary agreement is flexible and could be amended quickly and easily to changes in technology, stakeholder concerns, and government policy. A voluntary agreement anticipates and circumvents foreseeable issues that could affect its implementation and execution.

NATA's specific concerns regarding Bill C-273, as written, are outlined in our prepared brief. I will not go into them at this time unless the committee has an appetite to hear them.

An agreement between Canadian automotive manufacturers and the aftermarket service and repair industry, called the Canadian Automotive Service Information Standard, CASIS, was signed on September 29, with the endorsement of the Minister of Industry, the Honourable Tony Clement. The CASIS will be fully implemented by May 2010. It provides all automotive service professionals with access to the information and tools required to diagnose and repair today's vehicles. This allows independent repair shops to compete in a fair marketplace and it provides consumers with freedom of choice.

In conclusion, NATA would like to suggest that the voluntary agreement now in place, Bill C-273, is redundant, and therefore unnecessary. NATA recommends that the committee does not proceed any further with Bill C-273.

On behalf of our members, I thank you again for allowing us to present our views to this committee.

I would also like to thank Mark Nantais, from the CBMA, David Adams, from AIMC, Mathew Wilson, from CBMA, and Jason Vanderheyden, from AIMC.

It has been a long five months. We worked tremendously hard to get to this position and present this agreement to this committee.

Thank you.

⊕ (1550)

⊕ (1555)

The Chair: Thank you very much, Mr. Finch.

Now we'll go to Mr. Wilson of the Canadian Vehicle Manufacturers' Association.

Mr. Mathew Wilson (Director, Consumer and Industry Affairs, Canadian Vehicle Manufacturers' Association): Thank you, Mr. Chair, and good afternoon, everyone. Thank you for having us here today.

I'll discuss our opinion of Bill C-273 a little bit, but will talk a little bit more about the CASIS itself and why we view the voluntary solution as being the best approach for our industry at this time and moving forward.

Since 1926, CVMA has represented Canada's leading automobile manufacturers and sellers across Canada. Today, our members include Chrysler, Ford, GM, and Navistar, who collectively have over 40 Canadian vehicle parts manufacturing head offices, sales and distribution facilities, over 1,000 dealers across Canada, significant research and development facilities, and programs in Canada. Most importantly, they directly support about 75,000 Canadian employees and retirees and additional hundreds of thousands of families through their extended supply chain across the country.

The issue of Right to Repair has had a difficult history in our industry and our association. Historically, we have always been advised by our members to remove ourselves from discussion on the subjects due to concerns over impropriety under the Competition Act—something that we always take very seriously. Furthermore, some of our member companies have historically provided this information by request under this issue, while others did not, so there was never a consensus on approach—something that, in an association, is critical.

While everyone shared the joint concern over the necessity to protect their own corporate and intellectual property, as well as the rights of their franchise dealers, at the same time, it was recognized that over 65% of all vehicle service and repair was being done through independent repair shops.

Given this background, September 29 marked an important date for our association and for our industry as a whole. As you have heard from co-presenters so far, the announcement of the CASIS signaled the end of roughly six months of intense negotiations on the industry-led solution that results in all auto-makers in Canada providing Canadian independent service and repair providers access to emission and non-emission related service information, diagnostic tools, and training information by no later than May 1, 2010. This was delivered as promised, to the minister, and to each of you in our original letter of intent, dated May 1, 2009.

While we are now focused on the implementation of the CASIS, we must consider why we are here today and why we are confident that CASIS is the right solution for our industry.

Firstly, Mr. Masse, you are to be congratulated for your efforts in promoting the concerns and interests of Canadian consumers. It was the original purpose that Bill C-273, as you pointed out, to provide increased information so consumers had increased choice in auto repair in Canada, which the industry used itself as the basis for the development of CASIS. It was also the legislation, along with Mr. Clement's writing to all of our member companies and associations, requesting an industry-led solution that led us here today. Without both of these actions, we

would not be focused on implementing the agreement as the industry-led solution to this challenge today.

Aside from the similarities of intent, however, we saw several challenges with the draft bill, and we saw an opportunity with the minister's direction and the support of many in this committee and other members of Parliament to negotiate and implement a voluntary solution.

Based on our members' and industry's strong history of pragmatism and designing and implementing industry-led agreements, we firmly believe that in this instance, an industry-led solution can be successfully developed to accomplish a shared desired outcome, while at the same time avoiding possible legal challenges to the benefit of the industry and Canadian consumers.

For your information, we have included a long list of the industry's voluntary actions over the last couple of decades to the committee. They cover a wide range of issues, including vehicle safety, vehicle emissions, fuel efficiency, and general consumer, environmental, and industry issues. These actions were typically implemented to either take the place of regulations or legislation, or have been as a stop-gap measure to assist governments while regulations were being developed. For example, in response to a 1989 letter from the Minister of Transport, manufacturers voluntarily began installing airbags in Canadian vehicles on the same timetables in the U.S., in absence of any Canadian regulatory framework.

Another example on consumer protections from the early 1990s, when vehicle manufacturers, the Ontario government, and consumer groups established an Ontario Motor Vehicle Arbitration Plan, or OMVAP, to provide a fast, free arbitration program for consumers who felt that their new vehicle warranties were not being honoured. This program negated the need for provincial "lemon laws", which are popular, but very problematic in the U.S. Due to its success, OMVAP evolved into a nation-wide program called CAMVAP, which has the support of all governments across the country.

We have also created industry-only agreements similar to this one, such as the National Automobile Dealer Arbitration Program, or NADAP, where the industry, manufacturers, and dealers together can independently settle disputes regarding dealer franchise issues.

🕒 (1600)

Regardless of the structure of the arrangement, our history in this regard has always been through a constructive partnership and cooperation we can effectively address public policy goals together through industry-led agreements. In every instance, our members and our sector as a whole have either met or exceeded the commitments made and agreed to.

But back to CASIS. In the U.S. the auto industry went through a similar process by creating an industry-led solution to the challenge of right to repair through the establishment of NASTF, as you've already heard. The history with NASTF is similar to the history with previous Canadian industry-led solutions. It has successfully created a spirit of cooperation and partnership between OEMs and the after-market that has provided independent service and repair shops with the

information they require to fix vehicles while allowing OEMs to protect their intellectual property rights and the rights of their franchise dealers. This is why when crafting the CASIS, NASTF was the primary model, because we knew it would work.

Now that CASIS is signed, we are aggressively working on the implementation of the agreement with a target date, as mentioned, of May 1, 2010, for full implementation by all auto manufacturers across Canada.

Part of this implementation will include clarifying the intentions of the parties to the agreement should questions arise. One specific issue that was brought to our attention after the signing of the CASIS was the use of the term "engine calibrations". Due to the language borrowed from the NASTF agreement, at first glance, it appears that engine calibrations are excluded from the provisions under the agreement. However, it was only our intent to protect intellectual property of the OEMs and not restrict access to the information actually necessary to fix vehicles. To resolve this misunderstanding, the CASIS task force has already issued an interpretation guideline which fully clarified the issue to the satisfaction of all groups. A copy of this guideline has also been given to you in your information package, for your reference.

However, the details aren't what's really important. What's important to note with this guideline is that an industry-led solution such as the CASIS has a significant advantage over other processes in being able to quickly address concerns that arise from the industry to the mutual benefit and satisfaction of all parties. The CASIS provides this framework of understanding and intent that can provide us the flexibility moving forward if other issues and concerns arise within the industry.

The members of the CBMA are fully supportive of the CASIS and its content and have written to the Minister of Industry to express their intention to abide by the terms and conditions spelled out in the agreement. Again, a copy of these letters for your information has been submitted to the committee. Our members have a successful history in using agreements such as the CASIS, and like other manufacturers operating in Canada have committed themselves to ensuring this agreement is a success. In light of the CASIS, our positive history of voluntary agreements, and the progress of the industry since the current legislation was referred to this committee, the CBMA on behalf of its members is recommending that the agreement be given the opportunity it deserves to succeed and that Bill C-273 not proceed any further. Thank you again for the invitation to be here. I look forward to the discussion.

The Chair: Thank you very much, Mr. Wilson, and we'll finish our opening round of statement with Mr. Adams from the Association of International Automobile Manufacturers of Canada.

Mr. David Adams (President, Association of International Automobile Manufacturers of Canada): Mr. Chairman and committee members, thank you very much for the invitation to appear before the committee today to review Bill C-273.

My name is David Adams and I'm the President of the Association of International Automobile Manufacturers of Canada. Our association represents 14 member companies that sell

over 51% of the vehicles in Canada and 64% of the passenger cars in Canada and are responsible for about 77,000 direct and indirect jobs in Canada.

The problem with going last in a panel where people are all saying pretty much the same thing is that much of what is in my presentation has already been said. So with that in mind, I'm going to make my remarks brief, because I think the real benefit will come from the questioning from the members.

I have a few points I wish to make, though, if I could with respect to Bill C-273 and the CASIS. I think it's important for committee members to understand that at the time when Bill C-273 was introduced by Mr. Masse on January 27, 2009 and when the House of Commons passed second reading on the bill by a vote of 248 to 17 on May 13 of this year that there was no other option besides legislation that existed to address the issue of aftermarket access to vehicle manufacturer service and repair information. At that point, all any of you would have been aware of was that AIAMC, CVMA, and NATA had signed a letter of intent dated May 1 which, in effect, represented a promise to develop and then implement an agreement among the vehicle manufacturers in the aftermarket.

So where are we today? Simply put, today there is a viable option to legislation, CASIS, which had not been developed when the House of Commons last dealt with this issue. All stakeholders now see the merit of proceeding with an agreement that the industry has developed itself without the need for government intervention. While access to service and repair information has never been a consumer protection issue as some have characterized it, consumers do stand to benefit from the CASIS agreement. The CASIS will allow independent repair and service providers to conduct all repairs which will decrease the amount of time a consumer's vehicle will spend in the shop and consumers will enjoy greater opportunity to have their vehicles serviced at more locations.

CASIS will be fully implemented on May 1, 2010. In the interim, we have populated the task force and subcommittees that will govern the implementation and administration of the CASIS agreement with senior executives from the vehicle manufacturers. The CASIS parties have also invited the Director General, Automotive and Transportation Industry's branch at Industry Canada to sit as an observer on the task force to ensure transparency and accountability for the CASIS which is important to the parties and to you as members of Parliament.

Additionally, we have met with groups and organizations which had previously supported Bill C-273 to ensure they were aware of CASIS and its goals and objectives. Overall, these organizations were supportive of CASIS and viewed it as a viable alternative to legislation. Importantly, we have met with the Canadian Automobile Dealers Association, CADA, which has lobbied members on the issue of access to service and repair information from a slightly different angle. CADA is fully supportive of the CASIS agreement.

So where are we going? We're moving forward collectively and constructively with the implementation of CASIS. We have spent a significant amount of time and effort putting together an agreement that all stakeholders now believe is the most effective means of addressing the issue of automotive aftermarket access, the vehicle manufacturers service and repair

information. We do not anticipate making any changes to the agreement until experience after implementation dictates the agreement needs to be amended. Our agreement has provision for amending it in a fashion that is straightforward and much simpler than amending legislation.

The three CASIS parties have also laid out a process for bringing the AIA into the CASIS as a full partner. My presentation, which you will receive a copy of eventually in both official languages, outlines a number of the concerns and issues with Bill C-273, but for the sake of time I'm not going to deal with those unless the committee wants to delve into those concerns.

In summary, the members of the AIAMC believe that Bill C-273 is not only unworkable, but it cannot even be reasonably amended into legislation that will provide the automotive aftermarket with the same access to service and repair information that the CASIS agreement will provide. The development of the CASIS is the first step, implementation in May 2010 is the next step. Garnering real life experience with the agreement following implementation is the most appropriate way for dealing with this issue.

🕒 (1605)

Clearly, if the industry cannot collectively manage the issue of providing service and repair information, training information, and tooling and equipment to the automotive aftermarket, then government intervention is one possible alternative.

To consider legislation, especially bad legislation at this point, is to put the cart before the horse. We therefore make the following recommendations. In recognition that the CASIS agreement has been signed among the aftermarket and the vehicle manufacturers, effectively resolving all the issues that gave rise to Bill C-273, and Bill C-425 before it, we recommend to the committee that the bill be referred back to the House of Commons with a recommendation from this committee not to proceed with the bill.

The recognition of the provision for government to monitor the ongoing work of the task force in both implementing and administering the CASIS on a go-forward basis, we recommend that this committee recommend to the House of Commons that the CASIS agreement is the most effective tool to address the issues of the automotive aftermarket access to service and repair information.

Mr. Masse has stated this, "Bill C-273 ensures a level playing field and creates a mechanism for disclosure". We do not believe Bill C-273 could achieve that goal. However, we do believe that goal has been achieved through the CASIS.

Thank you for your time, and I look forward to your questions.

The Chair: Thank you very much, Mr. Adams.

We'll begin now with Mr. Valeriote.

🕒 (1610)

Mr. Francis Valeriote (Guelph, Lib.): Well, I don't know whether to ask questions or come over and shake your hands, but I can say that it's a privilege to be able to ask the first question, and in doing so, compliment and congratulate you all for the voracity with which you pursued a voluntary agreement. I remember speaking in the House in the spring, urging that you pursue that voluntary agreement, and get it done, and get it done in time, and you were able to achieve that.

I also want to acknowledge the preference for an agreement over legislation, which I agree with Mr. Finch was costly, intrusive, burdensome in interpretation and maintenance. Where people can voluntarily agree to things, it always is preferable to legislation.

I think there is always recognition of that delicate balance between consumer rights and a manufacturer's right to intellectual property, and you seem to have achieved that. At the same time, I think we should acknowledge all of those quiet intervenors around the table whom I think helped you or beat you into an agreement--I'm not sure which.

Some hon. members: Oh, oh!

Mr. Francis Valeriote: Having said that, I still feel I have some due diligence to undertake here, and there are three small, short questions.

Firstly, if AIA does not ultimately join this agreement, will that change anything? I know that they're not currently signatories, and perhaps David Adams can answer that.

My second question is section IX on page 15, which talks about providing 60 days' written notice and 30 days to discuss that party's intent to terminate, what happens if AIA does become part of the agreement or not, or any one of you with your many acronyms decide that you're going to terminate, does that mean the whole agreement fails, or is it possible that the agreement can survive, notwithstanding that one party decides to pull out? Frankly, I'd hate for an organization that's currently a party or becomes a party to say, "Now we've changed our minds, six months has gone by, we want out", and everything fails.

My third question, then, will be to whoever wishes to answer--and please, I do want an answer. It says that this agreement is in force upon signing; however, each individual OEM has until no later than May 1, 2010, to implement the terms and commitments contained therein. So I'd like one of you to tell me, what have you undertaken at this point to make sure you meet that May 1, 2010 deadline? So three questions, and David, you may want to go first.

Mr. David Adams: Again, just to make sure I understand your question. First question was if AIA does not join the CASIS, will that change anything?

I think we've been clear all along as the three parties to the CASIS with those of you we've had the opportunity to meet with and I think we've met with probably all of you that this agreement is going to go forward regardless of whether AIA is on board or not. The agreement actually speaks to the fact that it's applicable to all of the automotive aftermarket regardless of association. I think we've already said from day one going back to that meeting on April 29 that our preference

would be to have AIA involved in the agreement. AIA chose not to participate in the letter of intent and the work in developing the agreement and we are where we are today.

If you'd like me to try and address your other questions, I think I'll invite my colleagues to chime in as well. I think your question was around termination and if one party terminates, does that mean that the whole agreement falls apart. From my perspective and I think the perspective of all of us, no, that wouldn't be the case, that one party decided to pull away from the agreement that the agreement would still stay in force. I guess you could look at it in some ways as having AIA on board with the agreement as a strength because then we have two aftermarket parties that if one of them pulls away, then there's still an agreement in place. The intent is not for the agreement to be terminated if one party pulls away from that agreement.

That said and I think it needs to be perfectly clear and I only speak for my own members but my own members are not going into this agreement with a view of even looking at terminating the agreement at any time. I'll let somebody else answer the third question which was related to I think the May 1st implementation.

Mr. Mathew Wilson: Sure, thank you, Mr. Valeriote for your question.

A couple of things, one is on the termination. Our view from our standpoint is even if someone did leave the agreement, it does not mean the agreement is destroyed. In fact, all it would really take is us to sign the exactly identical agreement with whoever is left or whoever wanted to participate. We have discussed that inside our own organization. That's certainly our sense of it is the agreement would still live on and it would be applicable to everyone. I think it's important to note that it isn't association specific. It covers everyone regardless of affiliation.

The one question you asked is really important about basically what has been done since we've signed this agreement. I can happily announce that one important step that was taken was Ford Motor Company who previously did not offer this information has actually turned on access to the U.S. site, to Canadian service providers. In fact, it only took them about a week from the beginning of negotiations knowing what the outcome would be. They were working with their own internal processes to get that ready.

I know from our perspective that was a big step forward and it really shows you the commitment from the automakers and that brings us up to somewhere probably around 60% to 65% of the total market in Canada is providing that information today. I know the rest of the companies that are out there and Dave can speak for his numbers, but they're all working for it. There are a number of issues that each one of them have to do internally in order to get this right. This is not as simple as flipping a switch but they are working on it. There's a lot of work to be done.

🕒 (1615)

Mr. Francis Valeriote: Do I have any more time?

Mr. Smith, I think we met before and you had expressed concerns to me about engine calibrations which I took quite seriously including the ability to even turn on the car after a third party service repairman did all the work. I understand with that access to engine calibrations, other things could be done to a car including maybe even change its horsepower which is frankly not something I support because that's not what you paid for. You paid for the car with the horsepower it had. I'm told now that you have received through information bulletins assurances that you can turn on the car and access other information. Are you at this point in time completely satisfied with the concerns that you had which kept you from participating in this agreement to date?

Mr. Scott Smith (Director , Government and Industry Relations, Automotive Industries Association of Canada): Just to elaborate briefly on what's meant by engine calibrations. That was the only reference in the agreement to what we were looking for all along which was the flash downloads which as you heard from Mr. Brazeau was a central component of what the aftermarket has been looking for and you've heard it from the rest of the witnesses as well.

There was no other reference to flash downloads. So our interpretation of the agreement when it first came out and we only got a copy of that on September 29th, was that the relationship between engine calibrations and flash downloads were synonymous. Since then we have had several meetings with the AIAMC, CVMA and NATA and they have issued what they refer to as an interpretation guideline. That interpretation guideline is very clear on the fact that flash downloads will be available to the aftermarket. So to answer your question, yes we are satisfied.

Mr. Francis Valeriote: I see that you wrote a letter to Mr. Garneau, whose seat I am occupying right now, and it's a very large seat indeed. I'm just curious—

Mr. Mike Wallace: What are you saying about Mr. Garneau?

Mr. Francis Valeriote: I noticed in that letter that it says that you're prepared to sign the CASISAgreement as is, “and commits to working under those terms for at least six months.” Is there anything about the six months? Can somebody talk to me about that? I want to know your heart's in this, and that in six months' time something isn't going to change.

Mr. Scott Smith: The reference to six months, to answer your question, was in direct response to Mr. Garneau's letter, which was a request, from what I understand, from David.

Mr. Francis Valeriote: Can that be clarified, then, Mr. Adams? Why the reference to six months?

The Chair: Go ahead, Mr. Adams, and then we're going to go to M. Bouchard.

Mr. David Adams: I'm happy to answer that question. I think it might have been you, Mr. Valeriote, referred to earlier on.

There have been a number of intervenors around the table, I think, trying to get to the point where everybody could be brought into this agreement. I was asked what it would take from our

perspective as AIAMC to get AIA onboard. I think that was partially out of frustration, because we're hearing from intervenors, and not necessarily from the AIA themselves, in terms of what the conditions would be, and to open up lines of communication.

I made it very clear when I was speaking with Mr. Marc Garneau that from my own personal perspective, we didn't want any changes to this agreement for any length of time, and a minimum six months. I think we're all of the view that we worked very hard to put an agreement together that makes sense to everybody. I think you've just heard from Mr. Smith that he's comfortable with AIA, is comfortable with the agreement, and Mr. Brazeau earlier that they're comfortable with the agreement. So from my perspective, there should be no need to change the agreement any time soon.

🕒 (1620)

The Chair: Thank you, Mr. Adams.

Thank you, Mr. Valeriote.

Monsieur Bouchard.

[*Français*]

M. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Merci, monsieur le président.

Merci, également, de venir témoigner, tous en harmonie.

On peut considérer que votre témoignage est une bonne nouvelle, puisqu'il y a entente entre les groupes concernés par toute cette dimension de réparation de l'automobile.

Alors, ma première question s'adresse à celui qui veut bien la prendre.

En quoi le projet de loi C-273 diffère-t-il de l'entente convenue? Je sais qu'un point de différence est l'aspect volontaire, au niveau de l'entente. Toutefois, si on fait exclusion de l'aspect volontaire, en quoi le projet de loi C-273 diffère-t-il de votre entente?

[*English*]

Mr. Dale Finch: From our perspective at NATA, there's a couple of areas that we're concerned with.

First, with Bill C-273, it references Canadian Environmental Protection Act, CEPA. Traditionally, CEPA is an area first of provincial jurisdiction, unless the federal minister can demonstrate why there should be an intervention. We feel that could very well lead to the provinces challenging that, and as that is being sorted out that could drag the service and repair industry into a period of years where we couldn't get that information. It also uses the Competition Bureau as sort of the policing agency, and again that's in our belief is not exactly

what the Competition Bureau is charged with, and again can lead to confusion and a period of no information.

Today, that is so important, especially in collision and glass repair, because a brand-new vehicle could be involved in an accident immediately, and without that information the car has to go back to the dealership. In some cases that can be many thousands of miles even, where the vehicle has to be put on a tow truck. So it's just imperative to us. We see that period of wrangling over whose jurisdiction will create that. That's from NATA's position.

Mr. Scott Smith: If I could add to that just a little bit. Bill C-273 is broad-based language, specifically because it's legislation. We wouldn't know what the specific differences are between Bill C-273 and the agreement until the regulations were put in place. That being said, the agreement is voluntary; it doesn't require a hammer of legislation because it's voluntary. That's the fundamental difference. This piece of legislation will have an enforcement aspect to it. The agreement doesn't have an enforcement aspect to it. They're expected to work together.


[*Français*]

M. Robert Bouchard: Seconde question, je crois que c'est M. Finch qui a posé la question. Vous avez parlé des États-Unis, alors en quoi l'entente actuelle que nous avons, dont nous discutons est semblable ou différente de ce qui existe aux États-Unis depuis, je crois, selon vos commentaires, une dizaine d'année?

[*English*]

Mr. Dale Finch: The difference between the United States and the Canadian version is basically the same language. The difference is in the subcommittees and the acknowledgement by the Canadian agreement of the collision and glass repair. The agreement in the U.S. was made by the Automotive Service Association, ASA, and it is a large mechanical repair association. They're not necessarily focused on collision and glass, so that's the small difference. We feel in Canada that addresses the overall industry.

Thank you.

 (1625)

[*Français*]

M. Robert Bouchard: J'ai cru comprendre que ce n'était pas toutes les associations, il y avait des exclues. Pouvez-vous nous confirmer si tous les fabricants d'automobiles feraient partie de l'entente? Je présume que oui mais j'aimerais vous entendre me le confirmer.

Également, y a-t-il d'autres associations qui ne sont pas dans l'entente mais qui pourraient éventuellement venir?

[*English*]

Mr. Mathew Wilson: I'd be happy to answer that, and I believe David as well.

From a manufacturer's perspective, there is one big difference. In Canada, 99.9% of the vehicles sold in Canada, those manufacturers will be covered under this agreement and have already signed their letters of commitment to the minister. In the U.S., there are some exclusions to the process. Actually, in Canada in most cases there's actually a broader agreement because it does cover more companies, so I think that's a good news story from a Canadian perspective. It is much broader and does include a much bigger piece of it.

The 0.1% that is missing, I forget, there's one outline. It's like Lamborghini or a Maserati or something like that, who sell about 10 vehicles a year in Canada, so it's not something that independent shops are probably going to be investing heavily in anyway. There are typically very, very specialized repairs that need to be done to those.

The Chair: Okay.

[*Français*]

Maintenant, monsieur Lake.

[*English*]

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Thank you, Mr. Chair.

I want to start, if I could, by pointing out to the vast numbers of Canadians who will be listening to this on the Internet that what we're seeing today is an example of the way Parliament can work and parliamentarians can work together. We have an issue here that's been around for some time. You have an NDP member of Parliament who's concerned about the issue and brings forward a private members' bill and we see a large number of MPs from all parties who, while they may not necessarily support the specifics of the legislation, support the spirit of the legislation and the idea and want to hear more so we bring it to a committee.

We have the opportunity over the summer to benefit of course, we saw the minister initiate this discussion through the letter sent in the spring, a letter that was asking for an industry-led voluntary solution, but then we saw a summer of a lot of conversations going back and forth and I think members of all parties having conversations with each of you to kind of get our heads around the issue and of course we saw the three organizations at times, four organizations at times but importantly working hard to come up with this solution and let's make no mistake about it. It was hard work, we know, and we know that there was some tension involved and some negotiation involved to get all four groups sitting at the table today in agreement with this voluntary solution and here we have a result, it seems to me, that is better than what the proposed legislation was and I don't mean that with any disrespect to the member who moved the legislation. I think this is a good thing that we've had this discussion.

I do want to just commend all of your organizations for working so hard to get to this point and of course I'll take the time to commend my minister, Minister Clement, for the work that he

did and I'll commend Brian for the work that he's done on this issue. It's also very difficult when you invest so much into a private members' bill to, at some point, withdraw that bill as Brian has indicated he's going to do, and so I commend Brian for that as well.

I have a couple of questions, if I could, and I'll start with Dale Finch and Marc Brazeau, if I could. Just a question in terms of one of the groups that this voluntary agreement is all about which is not represented here at the table, and that's consumers.

Could the two of you speak to the benefits of this voluntary solution. How will this solution benefit consumers out there?

Mr. Dale Finch: If I could start off, the biggest issue with consumers is that especially in rural areas and in areas sadly where dealerships have left the marketplace recently, many communities don't have access to all makes. It's only in the major centres and this is so important. If you're in a position where even if you can drive your car, if it needs repair, sometimes you have to drive 300 kilometres or 400 kilometres. If you can't drive your vehicle it has an effect directly on the consumer because they have the expense of towing the vehicle and in the case of vehicles being in an accident, that cost is also borne into insurance premiums and it increases the cycle time of the vehicle because it has to be moved and again there's a cost to insurance companies and it drives premiums up.

Anything you can do to help in that situation is obviously a very good thing.

The other piece is that many times when vehicles are repaired for collision repair, you can get the vehicle up and running but the air bag system has not been rejuvenated because of this very situation we talked about, and so there's an extreme amount of pressure to have that vehicle driven to the dealership for those 300 kilometres or 400 kilometres and we just, as industry, don't feel that's a good thing to put workers in that position.

Overall, this is a great thing for consumers as well as workers in the industry.

🕒 (1630)

Mr. Mike Lake: Thank you.

Mr. Brazeau.

Mr. Marc Brazeau: When we started this process of identifying potential solutions and quantifying the problem.... That's where we started four or five years ago. We saw the problem coming. And when we engaged organizations like CAA, which represents millions of motorists across Canada, they took a keen interest in this issue. They really felt that if the aftermarket was not provided with access to the information and the tools, it would create a supply and demand problem in the marketplace. And as Mr. Finch alluded to, we were most concerned about the rural areas.

I can use the example of Mr. Rota's riding. I'll use the example because I'm originally from that riding. If I drove a Honda and I lived in New Liskeard, Ontario, the closest Honda dealership would be in North Bay, which is 125 to 150 kilometres away. When we looked at the total number of shops located in the rural areas versus the vehicle population, there was a significant disconnect there. The ratio was very high. So by not having access to that information, it was going to create a serious situation, especially in the rural areas.

The other point, too, to consider is that consumers love going to the aftermarket. Every year J.D. Power does a customer satisfaction index. And year after year aftermarket facilities, our members, rank consistently high in customer satisfaction. So we wanted to ensure that consumer choice and that consumer experience would be maintained; that's why we felt that the consumer voice needed to be heard on this issue. And I think it was heard, especially through CAA.

Mr. Mike Lake: Good.

I now want to actually address a question to Mr. Wilson and Mr. Adams, if I could.

We're all well aware in this committee of the challenges that have faced the auto manufacturers over the last year. It's a difficult time to come forward and give something up, as you've done in this case, under this voluntary agreement, so to speak. Perhaps you could speak to the balance that's been struck here. I imagine it would be a concern in terms of giving up too much information--proprietary information, IP. And of course that was addressed by Mr. Valeriote a little bit earlier. How does this deal strike that balance between serving consumers and, on the other hand, not giving up too much proprietary information?

Mr. David Adams: Maybe I should let Matt take it first in terms of the state of the industry.

Whether domestic or international, all vehicle manufacturers have been impacted by the current state of the economy and the industry, as you've highlighted. It's important to highlight, too, that we're not talking about all vehicle manufacturers giving something up. As has been highlighted in the testimony, probably about half of the vehicle manufacturers were already making this information available, and doing so willingly.

Again, that speaks to the fact that when companies come to this country as new distributors, for instance, they structure their business affairs in the way they think makes the most sense for them to effectively and efficiently serve their customers. At the end of the day, that's what it's all about. Some of them have done this by making the information broadly available; and others, by saying that they'd like to have consumers come back to their dealerships.

But in terms of the balance that you spoke to, one of the things we wanted to ensure was that the manufacturers' intellectual property was respected in the agreement. And from our perspective, that wasn't the case under Bill C-273. We think we've put a box around it, under the agreement, and that the balance exists there so that.... And I think all of us here agree that... Well, all we wanted to do was make sure the information necessary to repair and service vehicles is available to the aftermarket. In terms of the intellectual property to reverse engineer parts and do other things to improve the performance of vehicles, as Mr. Valeriote, mentioned, nobody

should have any interest in this, taking vehicles out of compliance. All we want to do is make sure that the information is there to repair and service vehicles. And we think we've struck that balance between respecting the manufacturers' intellectual property and ensuring that the information is available.

🕒 (1635)

The Chair: Thank you very much, Mr. Adams. Thank you, Mr. Lake.

Mr. Wilson, we'll go to you briefly before we go to Mr. Masse.

Mr. Mathew Wilson: I would just say that David is right that all manufacturers, no matter where globally, have had significant problems in the recent downturn.

On the issue of balance, this was a big problem for our industry. I think that we've kind of struck a fine line on that in that we did need to also protect, as I mentioned in my remarks, the rights of dealers. Franchisees in Canada have certain rights, under the franchise agreements, around warranty work and other things. And that was critical for us to protect in this agreement.

In terms of other areas, Mr. Brazeau spoke about what goes on in Europe. In some of the cases, there are big movements afoot to push warranty work into independent shops, as well. That's a big problem for us. I'm not suggesting that's what the intent was here at all. But it is a concern for our industry. The warranty work is something that's protected by the manufacturers; they're actually responsible for those vehicles, under consumer protection laws and environmental laws and other laws. So we want to make sure that's protected, that the rights of the franchise dealers are protected, but with the end goal, as we talked about right from the beginning, of consumers having increased choice and improved access to the service and repair industry in Canada. That really was a fine balance, and I think we've struck it pretty closely in the agreement we've made.

The Chair: Thank you very much, Mr. Wilson.

Mr. Masse.

Mr. Brian Masse (Windsor West, NDP): Thank you, Chair.

Thank you, gentlemen, for appearing here today.

Thank you, Mr. Finch. I forgot to recognize you in my comments, and I've missed a few other people but I'll stop there and just leave it at that.

My question is for Mr. Finch and Mr. Brazeau first though. When I went around the country, what I found was in the aftermarket shops you found ambulances, police cars, school buses and other vehicles that were outside the bailiwick of the major manufacturers but which are very important to society. They are also very important for those facilities to repair, but they also

relied upon other vehicle repairs from the mainstream auto manufacturing sector. What I became concerned about was that some were on the brink.

Are you comfortable with this agreement right now that there is enough of the problem solved that it won't be an impediment to business in those shops, and that we have our municipal fleets and so forth in there getting fixed and we'll be able to survive? That is one of the things that doesn't get a lot of attention, but you really notice it as you tour the aftermarket. I couldn't go to a place without finding some type of service vehicle for the public sector.

Mr. Dale Finch: That's a very good question, Mr. Masse. The exclusion in the agreement that addresses fleets is directed at vehicles that would not ever be allowed to be on the Canadian roads under law. There are some vehicles--an example is Toyota, which builds a vehicle for the salt mines in Ontario. That vehicle has never been put on the road. It's only for mine use. Manufacturers wanted that to be recognized so somebody doesn't come along and try to get information that's not available through normal means.

A very typical example is the Ford police car, which does make its way onto the roads as taxis and so on. Although that vehicle is not sold to the public, the information is available out there. Very clearly, for anything such as ambulances where there is chassis and engine information, that's shared. That is a very good point because the aftermarket really relies on a lot of that type of fleet work. We're very comfortable with that.

Mr. Marc Brazeau: One of the outcomes of our meetings, Brian, when we met on the 15th of October, was specifically on that issue where it wasn't clear to us initially whether or not fleet vehicles would continue to be repairable in the aftermarket. We spent an entire afternoon walking through the agreement. We identified the material concerns that we had. At that meeting the car companies and NATA came forward with an interpretation guideline that allowed us to deal with the flash download information.

I can tell you that we were certainly a lot more comforted by the fact that fleet vehicles were better defined in that meeting. It was acknowledged by the car companies that they were not looking to withhold information from the aftermarket to repair municipal fleet vehicles, whether it were a Ford Taurus or any other vehicle, and the aftermarket would have access to that information and, as Mr. Finch alluded to, it would only apply to a very specialized vehicle that is not made available for consumers. That is either a military application or an application that may be very industry-related which you would not find on a typical Canadian road. We are comfortable that the agreement does address the need for us to have access to that information, and that has been acknowledged as such.

🕒 (1640)

Mr. Brian Masse: For Mr. Wilson and Mr. Adams, it has been a very busy year and unfortunately the timing of this bill was such that you were juggling it with other matters.

I had a meeting with Mr. Mondragon here on Parliament Hill. He is a CEO of Ford, and there were actually representatives of CATA there as well, who had a serious interest in this bill and

this deal. We talked about the fact that the United States has a different system in place from Canada.

At the end of the day, how close are we going to get with the voluntary agreement to what is in the United States? As a consumer, I want to know that because it's very important to have consistency, in my opinion, especially since the industry often calls for consistency with the United States for other standards.

Mr. Mathew Wilson: Absolutely, and I can say it was our intent from day one in drafting this that it be as close as possible to what the U.S. did. There were several reasons for it. First, as I mentioned, we knew it worked. There was an agreement in the U.S., as you stated. It worked to provide the information that people needed, but the second part of it, from a pure business perspective, is a lot of companies need to build on what the U.S. has in order to be able to buy this information in a cost effective manner in Canada.

It's expensive to develop the solutions necessary. I'm not going to say 100%, but in a lot of cases there will be piggybacking on the U.S. system, so the information that's made available needed to align very closely. At the same time, in some cases the way NASTAF was written didn't really work for Canadian interests, so if you put the two documents side by side you are going to notice there are some structural differences, in some cases because we didn't really care for the way it was written. It was very awkward, and we took the opportunity to clean it up. In other cases we pulled out specific references to U.S. legislation that just didn't make sense, not that we weren't following it anyway, but it just didn't make sense in a Canadian context. We Canadianized the agreement.

In intent, which is the important part, it is identical to the U.S., certainly from our perspective.

Mr. David Adams: I think Matt's right. If we go back to first principles when we had a discussion with all four parties back on April 29, the AIA made it clear that they weren't interested in moving forward with any voluntary agreement unless it was somewhere to the NASTF agreement. As Matt said, we tried to get it as identical as possible.

Some of the awkward wording that Matt mentioned I think actually resulted in some of the misunderstanding of what the agreement actually said. We got that clarified in the meeting we had with the AIA on October 15.

Mr. Brian Masse: This is to Mr. Adams because they have a good example.

There's other entrances to the market that are coming forth, like the Chery from China and so forth, and other vehicles that are emerging. We know those aren't inclusive of the agreement. I'll give the example of Kia.

Kia doesn't produce any vehicles in Canada, but there's a lot of Kia vehicles in Canada. We're relying upon decisions made in a foreign country to provide this information. What would happen and what would we do if, for example, they decide to pull out of this agreement alone?

What would it mean for your other members and the group here? That's where I have some trepidation on what we have.

Mr. David Adams: I think that's fair. I think you've been upfront, Mr. Masse, with identifying that as one of your concerns with the agreement. From our perspective, in as much as we can't bind our members to the CASIS agreement, neither can Mr. Brazeau or Mr. Finch bind their members to the agreement.

At the end of the day, we have to rely on the good faith of the companies that are involved. Each member company, whether they be my members or Mr. Wilson's members, have provided a letter of endorsement from their CEO saying that they are committed to uphold the provisions of the CASIS.

Could a company at some point change their mind if they don't like it and pull out? I suppose that's possible, but I know in my own organization these decisions weren't taken lightly. They weren't necessarily made in Canada. They were made in other jurisdictions around the world. It's not just a Canadian decision that's been made.

With respect to new entrants, that's also a valid concern and one that you have raised with us before. I think what will happen is that any new entrant coming to the marketplace is going to join either my association or Mr. Wilson's association and a requirement of joining the association is that you have to sign onto this agreement and participate likewise.

🕒 (1645)

Mr. Brian Masse: I do want to publicly acknowledge that it was a good decision for the Minister to reconvene CAPC. I think that's important. Can that also be a pressure vehicle to ensure that this agreement is lived up to in spirit for new entrants and those that are part of it? It's good that you do have some government representation on your committees, but there's also observation and participation in CAPC. Is there a role for CAPC to play to ensure that this volunteer agreement is lived up to?

Mr. David Adams: There may be a role for CAPC, but at this point I don't think either my or Mr. Wilson's associations are members of CAPC. There's individual companies that are members of CAPC, but not the associations. That would have to be changed.

Mr. Mathew Wilson: The CAPC was really focused on those manufacturing in Canada. There is a fairly limited scope of who is in CAPC. There is a meeting on Friday. I'm not sure if it's on the agenda formally or not, but I'm sure it will be raised, given who is in the room. It is important.

To your previous question, Mr. Masse, about folks pulling out. This is not the history we've seen. When companies say they're going to comply to something, especially when they write a letter to a minister and every MP saying that they're going to do this, they tend not to pull out. Their history is very solid in this regard because they don't really like the repercussions that could come their way.

The other piece is when an industry gets together and agrees to do something, and we have several times, especially between AIAMC and CVMA. There is a lot of peer pressure that's put on them. These are very competitive companies and they don't like anyone to have even the slightest bit of competitive advantage in any part of the business. Whether or not it would create competitive advantage is beside the point. They want everyone playing by identical rules. I think it's important to note that the peer pressure that can be found amongst these manufacturers is pretty immense. Whether it's the current companies operating in Canada or possible new entrants, that's an important consideration that everyone takes into account.

The Chair: Thank you very much, Mr. Wilson and Mr. Masse.

[*Français*]

Monsieur Bouchard, vous avez une question?

M. Robert Bouchard: On peut constater qu'il y a encore de la négociation à faire entre les parties. On peut aussi constater que le climat est positif également entre les parties.

Dans l'entente, j'ai constaté que les fabricants vont fixer un coût raisonnable pour vendre leur information ou leurs outils. Croyez-vous que cet aspect pourrait être le point le plus difficile au niveau des négociations à venir? Je ne sais pas si vous saisissez ce que je veux dire par coût raisonnable pour la vente de l'information aux réparateurs.

M. Marc Brazeau: Je pourrais peut-être répondre à cette question, mais ensuite je vais demander à mes collègues de commenter.

L'AIA est satisfaite qu'il existe un précédent qui est très suffisant sous la forme de la structure des coûts qui est déjà en vigueur aux États-Unis. Donc, il n'y a pas vraiment de justification de s'écarter beaucoup de la structure existante. L'AIA souhaite que l'entente va quand même respecter ces coûts qui existent déjà aux États-Unis. C'est le *benchmark* qu'on anticipe, que les manufacturiers vont vouloir suivre pour que le marché canadien soit semblable au marché américain en ce qui a trait à l'information et le coût pour avoir accès à ces informations.

Comme vous l'avez mentionné, en ce qui a trait aux négociations, selon nous, ce qui reste c'est notre signature. Donc, on veut devenir partenaire de cette entente pour ensuite faire partie des comités qui auront la responsabilité d'établir les coûts. C'est à ce point qu'on peut prendre l'exemple des États-Unis pour s'assurer qu'au Canada, l'entente soit semblable à celle des États-Unis.

🕒 (1650)

[*English*]

The Chair: Mr. Adams.

[*Français*]

M. David Adams: Excusez-moi, mais je ne parle pas français.

[*English*]

I just wanted to clarify, there is a whole page in the agreement that specifies the criteria, the items that need to be taken into consideration when the price of the information is set by individual manufacturers. There are no grounds within the agreement to talk about price, that's completely outside of the agreement. I think competition law might have something to say about that if we got into price. So contrary to what Mr. Brazeau said, the committees will not be dealing with prices that a manufacturer will charge. There are series of criteria that are laid out in the agreement that each manufacturer will have to abide by when setting the price that it will sell to anybody, really. The reality is that price might not be the same from manufacturer to manufacturer because of economies of scale and what-not.

Mr. Dale Finch: If I could add, one piece that is key, though, it was very important to Canadian industry that within the subscription price there at least was a minimum 24-hour subscription. That way the smaller repair facilities across the country could afford to get that information for an individual repair. In the U.S. they focused more on 30-day and year-long subscriptions. That was one thing the manufacturers agreed to here, which we think is great news again for consumers and the small repair facilities.

The Chair: Thank you, Mr. Finch.

Mr. Wilson.

Mr. Mathew Wilson: Just one small comment on the negotiations. While the agreement is set, we're not looking to open it, it is what it is and we're working with Mr. Brazeau, as he commented, on how we're going to work longer-term with AIA and have them as full partners, there is one piece that is left to be negotiated. I think it's very important for everyone to recognize that. When we've met with everyone, we've always pointed it out, and it's the piece specifically related to security related information. It spells it out very clearly that we don't have a solution to that. Largely, we don't have a solution to it because we don't have any infrastructure in Canada. They have infrastructure in the U.S., they've created a side agreement. It took them four years to develop a side agreement after NASTF was introduced.

I think it's very important for everyone to understand that is something left to be discussed, but that would be discussed whether it was a legislated solution or whether it was the industry-led action: we'd still have the same holes. We just don't have the infrastructure in Canada such as a locksmiths' association nationally that has bonding locksmiths, which could actually make sure the people you're giving the security related information to are legitimate companies and not just trying to steal a bunch of vehicles, which is what the information would allow you to do.

I want to be clear on that before the committee that it is outstanding, but we're working on it and we will work to get this resolved very quickly.

The Chair: Thank you to all of our witnesses and to our members.

If there's no further questions or comments from members of the committee we'll end our witness testimony here.

Thank you very much, Mr. Smith, Mr. Adams, Monsieur Brazeau, Mr. Finch, and Mr. Wilson for your testimony.

We'll now go to the consideration of, as I understand it, a motion from Mr. Masse concerning this legislation.

Mr. Masse.

Mr. Brian Masse: Thank you, Mr. Chair.

I would move the following motion:

That the committee, after conducting hearings on Bill C-273 (right to repair) and the agreement respecting the Canadian Automotive Service Information Standard (CASIS), along with the commitments of all the organizations involved and in light of the evidence received by the committee, report to the House that Bill C-273 not proceed any further.

I would like to speak to that briefly.

The Chair: Thank you very much, Mr. Masse. Go ahead.

Mr. Brian Masse: I want to thank the committee for having the hearings and all the members who have participated in this in the House of Commons. I think we have enough evidence here that we can try a voluntary agreement in Canada. But I do want to put on the record, to make sure that all members feel assured, that we had this legislation vetted through the Charter and, as well, through the House Commons and it is valid and is something that could be implemented. To suggest that Canada couldn't implement legislation that is available in the United States and Europe through legislation is something that we would have to wrestle with should this agreement fail.

I would like to thank all the parties that have worked hard to bring us to this point in time and wish them well in the implementation.

I'm hoping that the government takes a good look at the process and continues to follow it. I understand that there'll be some officials involved so I'm grateful for that element to watch it as well because it becomes incumbent upon us, if the problems re-emerge, because there's so many Canadians that are affected by this, not just the environment, public safety, and consumers, but also, lastly, the men and women who are service technicians who have their jobs tied to this and have invested their life to be in this profession.

With that, I thank you, Mr. Chair.

Some hon. members: Hear, hear!

🕒 (1655)

The Chair: Thank you very much, Mr. Masse.

I'll call the question.

All those in favour of Mr. Masse's motion?

(Motion agreed to)

The Chair: Mr. Masse's motion has been adopted and I will so report to the House.

As Chair, I just want to commend you, Mr. Masse, for your work in this regard. I think it's safe to say that without your work we would not simply have a voluntary agreement respecting the Canadian Automotive Service Information Standards. So congratulations on this and for your efforts.

One further point of information for the committee. At the next committee we will be review, as we are required to do statutorily, the Canadian Business Corporations Act and we will also plan our future business. Those are the two items for discussion at next committee's meeting next Monday.

Without further adieu, thank you very much for attending.

This meeting is adjourned.