



House of Commons
CANADA

Standing Committee on Industry, Science and Technology

INDU • NUMBER 040 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Wednesday, October 28, 2009

—
Chair

The Honourable Michael Chong

Standing Committee on Industry, Science and Technology

Wednesday, October 28, 2009

• (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 includes 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 representing 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, which, as you noted, is affectionately known as "the right to repair", and to provide the public with some background as to why the bill was brought forth, what's taken place, and what's going to happen in the future.

This has been an exciting opportunity for me, coming as I do from the auto sector of Windsor, Ontario, the capital of the auto sector of Canada, and being able to work on another auto issue. I've spent a lot of time in the House of Commons working on issues related to the production and distribution of vehicles.

What came about was that I was presented with a case of problems in the aftermarket with regard to onboard diagnostics that were introduced in 1996. There was a concern related to 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-Essex county area, I confirmed some of the concerns that were being brought forth. Some were for very legitimate reasons and some were for reasons that I thought were not necessarily fair.

I felt it was important for the bill to come forward in order to engage good public debate, as well as to look at this issue not only through the eyes of the consumer, but also from an environmental point of view and in terms of protection of the standards on the roads.

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

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

To be clear, I also had an opportunity to go across this country. When I went to Edmonton, I found the same problems that were in my community with, for example, certain software not being available. When I went out to British Columbia, it was the same thing. Most recently I was out in the Halifax area, where I met with technician Ken Pickles. He went through a series of demonstrations of technology that had been purchased but wasn't capable of being used successfully. What that meant for consumers was that they had fewer options. I also found out that there were some real solutions that could take place.

Recently, as we all know, because of this activity and public debate, the minister signed on, together with the auto industry and the aftermarket, to a voluntary agreement that came forward. I had some concerns with that voluntary agreement, because I felt that legislation was the place 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 appear to be headed towards resolution.

Today I want to put thanks on the public record. We're going to move into some deliberations with the groups that are here today, but I want to read some names, Mr. Chair. Since I have 15 minutes, I want to read these names, because people worked hard and came forward. That's how I would like to spend my time. We can delve into the issues later.

I want to thank John Strickey 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 and the Windsor Professional Auto Repair Association; John Sawatsky from MSJ Automotive and the Windsor Professional Auto Repair Association; Nancy and Roger Suranyi of Namao Automotive in Edmonton; Mario Schuchardt from Canadian Tire; Art Wilderman, Devon Jacobs, and Scott Smith from AIA; Chris White from CAA; Eric Lamoureux from CAA; Cynthia Lee from CAA; Dan Houle from ASPQ; Andrea Chamberlain from NAPA, Rockland; Cindy Wolfe from NAPA, Morrisburg; Bob Blakely from BTC; and Daniel Grech, who is one of the technicians who came forward for a press conference. I will make sure the translators have all these names and information, Mr. Chair.

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

• (1535)

I know there was intense lobbying on the Hill, 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 in terms of the discussion and debate over the last few weeks as this bill has moved forward.

Should we have what I'm hopeful will be a good solid presentation and some solutions in front of us, then I have a motion I will be moving that could conclude this process.

I want to thank, once again, all those who have participated, 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.

[*Translation*]

We will first hear Mr. 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. With me is Scott Smith, our director of government and industry relations.

[*Translation*]

AIA is a national commercial association that represents the automotive aftermarket industry of Canada, a \$16.7 billion industry that employs more than 410,000 Canadians. The industry is comprised of companies that produce, distribute and install parts, accessories, tools and equipment for the automotive sector. In addition to its members that are spread out among 18,000 establishments and subsidiaries, AIA Canada encompasses more than 7,000 service and auto repair shops that are directly affiliated to our members.

I am here to present AIA Canada's position on the matter of access to maintenance information, training and tools by the automotive aftermarket in Canada, in other words by the people who do the maintenance and repair work on your vehicles.

I am also here to set out the Automotive Industries Association of Canada's position with regard to the situation surrounding Bill C-273, also known as the “right to repair” act.

I will be very clear. AIA does not believe that the adoption of the Bill is necessary. An agreement has been negotiated between the vehicle manufacturers and the aftermarket, and AIA has expressed its wish to participate by signing this agreement.

• (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, onboard diagnostics 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 did 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, which mandated vehicle manufacturers to provide emissions-related repair information to the automotive aftermarket and the general public over the Internet.

[Translation]

In the context of a parallel process, vehicle manufacturers and representatives of the aftermarket have structured an alternate voluntary approach for the distribution of vehicle maintenance information. The agreement relating to the standards led to the creation of an organization called the National Automotive Service Task Force.

[English]

While it impacts businesses, the right to repair is fundamentally an issue of consumer choice. The aftermarket 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.

[Translation]

The issue is worldwide, and references to the right to repair issue exist in Europe, the United States, South America and the Caribbean.

[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)

[Translation]

From 2004 to 2006, AIA and its partners tried to engage vehicle manufacturers in a dialogue with a view to establishing in Canada an organization similar to the NASTF, the National Automotive Service Task Force. Despite numerous attempts at launching a dialogue, including a letter from the then Industry Minister, Maxime Bernier, the vehicle manufacturers did not recognize the existence of a problem nor follow up on our wish to arrive at a voluntary solution.

[English]

In 2007, Bill C-425, a private member's bill, was introduced in the House of Commons by the member of Parliament for Windsor West, Mr. Brian Masse. Due to the lack of progress with a voluntary solution, the concept of a legislated solution was endorsed by AIA and its partners. After the federal election in the fall of 2008, Bill C-425 was reintroduced to Parliament as Bill C-273, in January 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 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 aftermarket 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 formulation of an agreement, AIA did not participate in the creation of the CASIS document.

[Translation]

No matter how this agreement finally came to be, it rests on the central principle that the information, training and tools are to be made available to the aftermarket in a format that is compatible with that used by the vehicle manufacturers' authorized dealerships. This is what we had been asking for since 2004.

During a meeting between AIA and the signatories to the agreement, on October 15th, the reactive architecture of the agreement was expressed in the form of an interpretation guideline that clarified a fundamental concern of AIA with regard to the agreement. It is this gesture that convinced AIA of the agreement's validity.

[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, and 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, monsieur Brazeau.*

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

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 collision repairers.

NATA has been involved in the search for a solution to 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 be 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, it 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 Canadian consumers turn to for automotive service. Even in urban centres Canadians want freedom of choice when it's time to take their vehicles 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 counterpart, 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 types 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 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 CVMA, David Adams, from AIAMC, Mathew Wilson, from CBMA, and Jason Vanderheyden, from AIMC.

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

Thank you.

• (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, but will talk a 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 office, sales, and distribution facilities, over 1,000 dealers across Canada, and 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 subject because of concerns over impropriety under the Competition Act, something we always take very seriously. Furthermore, some of our member companies have historically provided the information being requested on this issue, while others did not. There was never a consensus on an approach—something that, in an association, is critical.

While everyone shared the joint concern over the necessity to protect their own corporate 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 the co-presenters so far, the announcement of the CASIS signalled 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 of Bill C-273, as you pointed out, to provide increased information, so that consumers had increased choice in auto repair in Canada. The industry itself used this 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 in designing and implementing industry-led agreements, we firmly believed that in this instance an industry-led solution could 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.

We have included for your information a long list of the industry's voluntary actions over the last couple of decades. 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 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 timetable as in the U.S., in the absence of any Canadian regulatory framework.

Another example of consumer protections is 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, under which 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 that 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 let's go 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 aftermarket 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: 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 to 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 has 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, which can provide us 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 confirmed, in a letter to the Minister of Industry, their intention to abide by the terms and conditions spelled out in the agreement. Again a copy of these letters has been submitted to the committee for your information.

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 that 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.

We'll finish our opening round of statements 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, which sell over 51% of the vehicles in Canada and 64% of the passenger cars in

Canada. They are responsible for about 77,000 direct and indirect jobs in Canada.

The problem with going last in a panel on which people are all saying pretty much the same thing is that much of what is in my presentation has already been said. 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 CASIS. I think it's important for committee members to understand that at the time Bill C-273 was introduced by Mr. Masse, on January 27, 2009, and when the House of Commons passed second reading of the bill by a vote of 248 to 17 on May 13 of this year, 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, that, in effect, represented a promise to develop and then implement an agreement among the vehicle manufacturers on the aftermarket.

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 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. 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 of the automotive and transportation industries branch at Industry Canada to sit as an observer on the task force to ensure transparency and accountability, which is important to the parties and to you, as members of Parliament.

Additionally, we have met with groups and organizations that had previously supported Bill C-273 to ensure that they were aware of CASIS and its goals and objectives. Overall, these organizations have been supportive of CASIS and have 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 to vehicle manufacturer service and repair information. We do not anticipate making any changes to the agreement until experience after implementation dictates that the agreement needs to be amended. Our agreement has provisions for amending it in a fashion that is straightforward and is much simpler than amending legislation.

The three CASIS parties have also laid out a process for bringing the AIA into 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 we have with Bill C-273. 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, it cannot even be reasonably amended into legislation that will provide the automotive aftermarket with the same access to service and repair information as the CASIS agreement will provide. The development of 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 of 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.

In 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 in regard to Bill C-273, that he bill ensures a level playing field and creates the 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.): 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, 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, is costly, intrusive, and burdensome in interpretation and maintenance. Where people can voluntarily agree to things, it is always 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 those quiet intervenors around the table who I think helped you, or beat you, into an agreement—I'm not sure which.

That said, I still feel that I have some due diligence to undertake here, and I have three short questions.

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

Secondly, section IX, on page 15 of the CASIS agreement, talks about providing 60 days' written notice and 30 days to discuss that party's intent to terminate. What happens if AIA does become party to the agreement, or not, or if 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 have gone by and we want out," and everything fails.

My third question is to whoever wishes to answer—and please, I do want an answer.

The agreement says it will be 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 that you meet that deadline of May 1, 2010?

Those are my three questions, and David, you may want to go first.

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

As the three parties to the CASIS, I think we've been clear all along 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 speaks to the fact that it's applicable to all the automotive aftermarket regardless of association. I think we've always 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 in the work in developing the agreement, and we are where we are today.

If you'd like me to try to address your other questions, I think I'll invite my colleagues to chime in as well. I think your second question was around termination. If one party terminates, does that mean the whole agreement falls apart? From my perspective, and I think from the perspective of all of us, no, that wouldn't be the case. If one party decided to pull away from the agreement, 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. 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—my own members are not going into this agreement with a view to even looking at terminating the agreement at any time.

I'll let somebody else answer the third question, which I think was related to the May 1 implementation. Matt.

Mr. Mathew Wilson: Sure.

Thank you, Mr. Valeriote, for your question.

I have a couple of things; one is on the termination. Our view is that even if someone did leave the agreement, it does not mean the agreement is destroyed. All it would really take is for us to sign the identical agreement with whoever is left or whoever wanted to participate. We have discussed that inside our own organization. That's certainly our sense. 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.

One question you asked that is really important is about what has been done since we've signed this agreement. I can happily announce that one important step that was taken was that the Ford Motor Company, which previously did not offer any of this information, has turned on access to the U.S. site to Canadian service providers. 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. That brings us up to somewhere probably around 60% to 65% of the total market in Canada that is providing that information today. I know the rest of the companies out there are all working for it, and Dave can speak for his members. There are a number of issues that each one of them has to do internally to get this right. This is not as simple as flipping a switch, but they are working on it. They have till May 1, so there is 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 changing 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 assurances, through information bulletins, that you can turn on the car and access other information.

At this time, are you completely satisfied with the concerns 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 were the flash downloads, which as you heard from Mr. Brazeau, were 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 29—was that the relationship between engine calibrations and flash downloads was 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 (Burlington, CPC): What are you saying about Mr. Garneau?

Mr. Francis Valeriote: I notice that the letter says you're prepared to sign the CASIS agreement as is and commit 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 that 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 is there reference to six months?

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

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

There have been a number of intervenors around the table 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, 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 at a minimum for 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.

You've just heard from Mr. Smith that AIA is comfortable with the agreement and from 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.

[Translation]

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chairman.

Thank you also to the witnesses for having come here to appear in harmony. We can consider that your participation here is good news, given that there is agreement between the groups involved in this whole vehicle repair dimension.

My first question is for whomever might wish to respond. How is Bill C-273 different from the agreed accord? I know that there is a difference with regard to the voluntary aspect of the agreement, but if we leave that aspect aside, in what way is Bill C-273 different from your agreement?

[English]

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

First, Bill C-273 refers to the 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 this could very well lead to the provinces challenging the agreement, and as that is being sorted out, it could drag the service and repair industry into a period of years during which we couldn't get that information.

It also uses the Competition Bureau as a sort of policing agency, and that, in our belief, is not exactly what the Competition Bureau is charged with. This again can lead to confusion and a period of no information.

And today it is so important, especially in collision and glass repair, because a brand-new vehicle could be involved in an accident immediately. Without that information, the car has to go back to the

dealership. In some cases that can be many thousands of miles, even, that the vehicle has to be put on a tow truck.

So it's imperative to us. We see that a period of wrangling over whose jurisdiction it is will create that problem; that's from NATA's position.

Mr. Scott Smith: If I could just add to that a little bit, Bill C-273 has 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 are 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.

[Translation]

Mr. Robert Bouchard: I believe it is Mr. Finch who brought up the following matter. You spoke of the United States. In what way is the present agreement, that we have and that we are discussing, similar to or different from what has been in place in the United States for a decade, according to your comments?

[English]

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

Thank you.

• (1625)

[Translation]

Mr. Robert Bouchard: I had understood that it is not all of the associations that are participants, that some of them were excluded. Could you tell us if all vehicle manufacturers would come under the agreement? I presume that the answer is yes, but I would like to hear you confirm this for me.

Are there other associations that are not party to the agreement but that could eventually become so?

[English]

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

From a manufacturer's perspective, there is one big difference. In Canada, for 99.9% of the vehicles sold here, 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. 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's missing—I forget, but I think there's one outline. It's like a Lamborghini or a Maserati dealer, or someone like that, who sells 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.

[Translation]

Mr. 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 has been around for some time. An NDP member of Parliament who's concerned about the issue brings forward a private member's 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 had the opportunity over the summer to benefit, of course, from discussion. 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, members of all parties having conversations with each of you to get our heads around the issue. We saw three organizations, at times, and sometimes four organizations, working hard to come up with this solution.

Let's make no mistake about it. It was hard work, and we know there was some tension and some negotiation involved to get all four groups sitting at the table today in agreement with this voluntary solution. Here we have a result, it seems to me, that is better than the proposed legislation—and I don't mean that in any disrespect to the member who moved the legislation. I think it is a good thing that we've had this discussion.

I want to commend all of your organizations for working so hard to get to this point. 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 has done on this issue.

It's very difficult, when you invest so much into a private member's bill, to at some point withdraw that bill, as Brian has indicated he's going to do. So I commend Brian for that as well.

I have a couple of questions, if I could, starting with Dale Finch and Marc Brazeau.

One of the groups that this voluntary agreement really is all about is not represented here at the table—that is, 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: The biggest issue with consumers is that, especially in rural areas and in areas where, sadly, 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 or 400 kilometres. If you can't drive your vehicle, it has an effect directly on the consumer, because the consumer has the expense of towing the vehicle, and in the case of vehicles being in an accident, that cost is also borne into insurance premiums. 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. So 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 following a collision, you can get the vehicle up and running, but the airbag system has not been rejuvenated because of this very situation we talk about. So there's an extreme amount of pressure to have that vehicle driven to the dealership for those 300 or 400 kilometres, and we as industry don't feel that it's a good thing to put workers in that position.

So, 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—because that's where we started four or five years ago, as we saw the problem coming—and when we engaged organizations such as CAA, which represents millions of motorists across Canada, they took a keen interest in this issue. They really felt that if the aftermarket were not provided with access to the information and the tools, a supply and demand problem would be created in the marketplace. And as Mr. Finch suggested, 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 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. The ratio was very high. Not having access to that information was going to create a serious situation, especially in the rural areas.

The other point 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 consumer experience would be maintained; that's why we felt the consumer voice needed to be heard on this issue. And I think it was heard, especially through CAA.

Mr. Mike Lake: I now want to address a question to Mr. Wilson and Mr. Adams, if I may.

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 there would be a concern about giving up too much proprietary information, or IP—and of course that was addressed by Mr. Valeriotte a little earlier. How does this deal strike the 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 of 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. That speaks to the fact that when an individual company comes to this country as a new distributor, for instance, they structure their business affairs in the way they think makes the most sense for their effectively and efficiently serving 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; others by saying that they'd like to have the consumer come back to their dealership.

In terms of the balance 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 this under the agreement and that the balance exists there. I think all of us here agree that all we wanted to do was make sure that the information necessary to repair and service vehicles is available to the aftermarket. As for the intellectual property to reverse-engineer parts and do other things to improve the performance of vehicles, as Mr. Valeriotte mentioned, nobody should have any interest in that, in 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 the 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 they were globally, have had significant problems in the recent downturn.

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

As to other areas, Mr. Brazeau spoke about what goes on in Europe. In some 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. We want to make sure that this is protected and that the rights of the franchised dealers are protected, but with the end goal, as we said right from the beginning, that consumers have 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: Thank you, Chair, and 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. Excuse me.

I have a question for Mr. Finch and Mr. Brazeau first, though.

When I went around the country, what I found was that in the aftermarket shops you found ambulances, police cars, school buses, and other vehicles that were outside the bailiwick of the major manufacturers but 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, and those shops that we have our municipal fleets and so forth in getting fixed will 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 Canadian roads under law. There are some vehicles—for example, a vehicle that Toyota builds for the salt mines in Ontario—that have never been put on the road. They're only for mine use. Manufacturers wanted that to be recognized so that somebody doesn't come along and try to get information that's not available through normal means.

A very typical example, though, 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. So we're very comfortable with that.

Mr. Marc Brazeau: One of the outcomes of our meetings, Brian, when we met on October 15, was specifically that issue. It wasn't clear to us initially whether 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.

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 be a Ford Taurus or any other vehicle, that 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. It's either a military application or an application that may be very industry-related that 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: 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 here on Parliament Hill with Mr. Mondragon, the CEO of Ford. There were actually representatives of CADA 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 than Canada.

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

Mr. Mathew Wilson: Absolutely, and I can say that 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 that. First, as I mentioned, we knew it worked. As you stated, there was an agreement in the U.S., and it worked to provide the information that people needed. But the second part of it, purely from a business perspective, is that 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 necessary solutions, so in a lot of cases—I'm not going to say 100% of cases—there will be piggybacking on U.S. systems. Therefore, the information that's made available needed to line up very closely.

At the same time, the way that NASTF was written didn't really work, in some cases, for Canadian interests. So if you put the two documents side by side, you are going to notice that there are some structural differences. In some cases, because we didn't really care for the very awkward way in which it was written, 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 the Canadian context. We Canadianized the agreement.

In intent, which is the important part, it is identical to the U.S. agreement, 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 similar to the NASTF agreement. As Matt said, we tried to get it as identical as possible.

Some of the awkward wording 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: One of the concerns I have.... I'll say this to Mr. Adams because they have a good example.

There are other entrants 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 are 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 decided 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, inasmuch as we can't bind our members to the CASIS agreement, neither can Mr. Brazeau nor 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. The member companies, whether they be my members or Mr. Wilson's members, have each provided a letter of endorsement from their CEO saying they are committed to uphold the provisions of the CASIS.

Could a company at some point change its mind and say it doesn'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 would be 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 Mr. Wilson's association nor mine are members of CAPC. There are individual companies that are members of CAPC, but not the associations. That would have to be changed.

Mr. Mathew Wilson: The other piece is that the CAPC was really focused on those manufacturing in Canada. So it has actually a fairly limited scope as to who is in CAPC. So you're right, there is a meeting on Friday. I'm not sure whether 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, I wanted to mention that this is not the history we've seen. When companies say they're going to comply with something, especially when they write a letter to a minister and every MP saying 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 that when an industry gets together and agrees to do something—and we have several times over history, especially between AIAMC and CVMA—there is a lot of peer pressure 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.

[Translation]

Mr. Bouchard, do you have a question?

Mr. Robert Bouchard: We can see that some negotiating remains to be done amongst the parties. We can also see that the relationship between the parties is a positive one.

In the agreement, I noted that the manufacturers will set a reasonable cost for the sale of their information or their tools. Do you believe that this aspect might be the trickiest issue in the negotiations to come? I do not know if you get my full meaning when I say the reasonable cost that the manufacturer could command for the sale of information to repair shops.

Mr. Marc Brazeau: I could perhaps answer this question and then invite my colleagues to comment.

AIA is pleased to see that there exists a sufficient precedent in the form of the cost structure already in place in the United States. There therefore is no real justification to move very much away from the existing structure. AIA does however hope that the agreement will respect the costs that are already set in the United States. We anticipate that this is the reference that the manufacturers will want to respect in order for the Canadian market to be similar to the American market with regard to information and the cost to access it.

As you mentioned, as far as the negotiations are concerned, in our view, the only thing that is missing is our signature. We wish to become partners to this agreement to then be able to sit on the committees that will be charged with establishing the costs. It is in this regard that we will be able to draw on the example of the United States in order to ensure that the agreement negotiated in Canada is similar to that of the United States.

• (1650)

[English]

The Chair: Mr. Adams.

[Translation]

Mr. David Adams: Forgive me, but I do not speak French.

[English]

I just want to clarify that 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 if we got into price.

Contrary to what Mr. Brazeau said, the committees will not be dealing with prices that a manufacturer will charge. A series of criteria is laid out in the agreement that each manufacturer will have to abide by when setting the price 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 whatnot.

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

The Chair: Thank you, Mr. Finch.

Mr. Wilson.

Mr. Mathew Wilson: I have one small comment on the negotiations. The agreement is set and we're not looking to open it. It is what it is. And as he commented, we're working with Mr. Brazeau on how we're going to work longer term with AIA and have them as full partners.

But there is one piece that is left to be negotiated. I think it's very important for everyone to recognize that, and when we've met with everyone we've always pointed it out. It's the piece specifically related to security-related information. It spells out very clearly that we don't have a solution to that, and we don't have a solution because we don't have any infrastructure in Canada. They have infrastructure in the U.S., and 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 this is something left to be discussed. But whether it was a legislated solution or 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, where you could actually make sure the companies you're giving the security-related information to are legitimate and are not trying to steal a bunch of vehicles, which is what the information would allow them to do.

I want to be clear with the committee that this 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 are 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 this 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 I want to thank 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 want to put on the record, to make sure that all members feel assured, that we had this legislation vetted under 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 who have worked hard to bring us to this point 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 will be some officials involved. I'm grateful for that element of watching it also, because it becomes incumbent upon us, if the problems re-emerge, because there are so many Canadians affected by this. It's not just the environment, public safety, and consumers, but also, lastly, the men and women who are service technicians and who have their jobs tied to this and have invested their lives 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, please signify.

(Motion agreed to)

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

As chair, I 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 simply not have a voluntary agreement respecting the Canadian Automotive Service Information Standards. So congratulations on this and for your efforts.

I have one further point of information for the committee. At the next meeting, we will be reviewing, as we are required to do statutorily, the Canadian Business Corporations Act. Also at the next meeting we will plan our future business. Those are the two items for discussion at the next committee meeting, next Monday.

Without further ado, I thank you very much for attending.

This meeting is adjourned.

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :*
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and
Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les
Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à
l'adresse suivante : <http://www.parl.gc.ca>