



August 6, 2014

Mr. James Rajotte, MP  
Chair, Standing Committee on Finance  
House of Commons  
Ottawa, ON  
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Dear Mr. Rajotte:

The Automotive Industries Association (AIA) of Canada is the national trade association representing the automotive aftermarket industry in Canada. The aftermarket is a \$19.4 billion industry that employs 419,300 people or approximately 50% of the total number of employees in the Canadian automotive sector.

AIA represents manufacturers, warehouse distributors, wholesalers, retailers, collision repair shops and automotive service and repair outlets across Canada.

Although the automotive aftermarket industry is valued at \$19.4 billion industry, it has the potential to produce \$33.3 billion annually if Canadian vehicle owners performed vehicle manufacturer recommended maintenance. Additionally, there would be significant associated economic, safety and environmental benefits.

The automotive fleet is growing and aging with currently over 22.5 million vehicles registered in Canada and an average vehicle age of 9.3 years. Despite the growing number of older vehicles on our roadways, Canadians simply aren't investing in their vehicles.

As part of the 2015 Pre-Budget Submission process, AIA recommends that the Standing Committee on Finance consider the following three recommendations.

#### **1. Jobs, Training and Promoting the Trades**

A growing segment of the automotive aftermarket industry's current workforce (55%) has less than 10 years of experience in the industry with some 16% of this cohort under the age of 25. At the same time, the proportion of workers 45 years and older has increased from 23% in 2005 to 32% in 2009.

The demographics of the workforce represent a number of challenges for employers in the industry. The potential loss of the industry's most experienced workers through retirement, coupled with the relative inexperience of over half of the remaining workforce, is further compounded by insufficient supplies of qualified new hires.

Approximately 13,000 positions are unfilled within the industry, of which 37% are service technician positions. 29% of industry employers surveyed said they have one or more unfilled positions.

It is a reality that many young people will not have exposure to the skilled trades, the range of opportunities or relevant information about how their school-based skills can be applied in a workplace setting. Educators are a key source of information about the labour market, yet many have limited knowledge about the various sectors of the economy and the skills required by employers.

As well, as Canada's population ages, it will be important to make sure that our workforce retains and acquires the skills that it needs to be globally competitive. While this certainly means focusing on the development of skills for emerging industries, it is also vital that Canada maintains and improves the skills and abilities of workers in existing industries. Technology is constantly evolving, and technicians must keep their skills current. It is also important that, as workers retire, programs are in place to ensure that their skills and abilities are replaced.

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**Recommendations:**

- AIA recommends funding for programs, managed by skills and trade councils, which support the professional development needs of the industry and address the pressing skills training requirements.
- Programs supporting the immigration of individuals with select skill sets and programs to support the upgrading workforce skills will become increasingly important to fuel industries that required skilled employees.
- Training programs should be targeted to industries where skills gaps exist. AIA encourages the government to provide funding to industry associations wishing to complete detailed Labour Market Surveys to assist industry in better understanding its own labour needs.
- As well, the government should consider all opportunities to promote skilled trades as a valuable career path.
- AIA recommends that the Government of Canada develop a comprehensive military skills translation software tool to facilitate Canadian Forces members to obtain civilian employment upon release. This recommendation was recently put forth by the Standing Committee on National Defence and AIA believes it will assist the industry in creating opportunities for Canadian military veterans with valuable skills highly sought after in the industry.
- The Government of Canada should take a leading role in promoting women in non-traditional trades. As an example, AIA is in the process of establishing a permanent Leadership Network for Women in the Automotive Industry that would benefit from Government partnership.

**2. Increased Support for Small-to-Medium Sized Businesses**

Maintaining a competitive corporate tax structure is important, but jurisdictions around the world are aggressively pursuing automotive investments, and Canada will be required to use every tool at its disposal to compete for new investments. The government must continue to improve manufacturing competitiveness to ensure Canada is well-positioned to attract new investment. One such way is to continue to encourage greater regulatory harmony between Canada and the United States. Canada and the United States are a common vehicle market, and it makes business and public policy sense to work towards a common product and environmental standards.

A strong climate for investment and innovation is also marked by a regulatory system that recognizes the importance of prompt, predictable approval times and that works with global partners to harmonize standards and reduce duplication wherever possible. Many of these principles are being advanced by both the Canada-U.S. Regulatory Cooperation Council and the report of the Red Tape Reduction Commission, and we would encourage government to continue to work diligently on both these initiatives.

In particular, ensuring fair and timely treatment at the border as goods are shipped to the U.S. in order to avoid costly delays will continue to be of great importance.

The government should move quickly to harmonize regulatory practices, both domestically and internationally, and reduce administrative burdens in order for industry to remain competitive and to be able to keep pace with changing consumer demands. A clear example of domestic policy having a detrimental effect on business is found in the varying environmental stewardship programs that have proliferated across the Canada. These have resulted in retailers having to comply with different local and provincial regimes across Canada all of which strive toward the same goal. The Federal Government could have a hand in working with provincial counterparts to standardize these programs nationally.

**Recommendations:**

- Support R&D in small-to-medium sized businesses.
- Continue to reduce Government Red Tape.
- Predictable regulations that are harmonized where possible for maximum efficiency.
- Government leadership in creating a national product stewardship program with the provinces.
- Creation of a program that will enable the transferring of ownership of a family business to a family member. This is currently very difficult due to the imposition of tax on the capital gains of the business' assets at the time of transfer.
- Continue to ensure a competitive tax system to promote job creation and attract new investments.



### **3. Creation of an Automotive Aftermarket Knowledge Hub Online Resource**

AIA Canada recommends that the Government of Canada consider providing funding to build an online resource to further promote industry knowledge and collaboration. The *Automotive Aftermarket Knowledge Hub* will serve as a repository of information and will be designed to facilitate the exchange of knowledge and data as it relates to the automotive aftermarket industry. The information hub will also act as an entry point for requests for assistance by members of the industry seeking information.

This knowledge hub will provide AIA Canada's 900+ members with a platform to share knowledge in an organized manner which in turn will allow the industry to access important and timely information including updates on provincial initiatives and issues, market research such as AIA's biennial Outlook and Demand Studies, an index of key contacts, specialists, and industry professionals and information on association committees and their participants.

In addition, the *Automotive Aftermarket Info Hub* will be the main portal for the industry to access specific data, information, and research as it relates to specific sectors. This includes key priorities for the industry such as developing greater opportunities for women leaders in the industry and consumer protection programs aimed at reducing the number of unsafe vehicles on Canadian roads, including AIA's Be Car Care Aware consumer awareness program that promotes the value of vehicle maintenance.

A key aspect of the *Automotive Aftermarket Knowledge Hub* is that it will act as the key information sharing platform that supports the current Right to Repair agreement in Canada called CASIS – the Canadian Automotive Service Information Standard. CASIS is the agreement between the automakers and the aftermarket to share service and repair information necessary to properly repair vehicles. CASIS requires ongoing dialogue; training and collaboration to ensure its benefits are fully understood and leveraged by the aftermarket. The Hub will support the industries efforts in this regard.

The *Automotive Aftermarket Knowledge Hub* will leverage the concept of collaborative learning. Collaborative learning refers to the process of combining ideas among a group of individuals to ultimately solve a problem.

In this context, the Hub will also support the industry's training, education and recruitment activities by providing a platform for industry members to post questions or comments and learn from other experienced technicians.

With the increasing presence of telematics and as our vehicles become more complex computerized machines, the Hub will be a crucial modern service and repair tool. Users can post industry-wide information to all members of the automotive aftermarket. Combined with important updates from the Canadian and provincial governments, the Hub will allow automotive service technicians to become more knowledgeable in their trade. This increased level of education will enhance productivity in the sector and will ensure vehicles are safe on the country's roadways.

Through collaborative learning, problems can be assessed and solved quickly and in a more efficient manner. One benefit of this method is that a problem can be viewed from multiple perspectives. Through the collaborative environment provided by the Hub, technicians will have access to information for them to either improve upon their skills or learn new ones. This will allow them to broaden their areas of expertise.

Finally, the Hub will also serve as an information resource for attracting youth to the skilled trades. Guidance counsellors, students, college instructors and apprentices can access important information including the wide array of career choices in the aftermarket sector, where courses are offered, how to complete your apprenticeship, and information critical to curriculum development.



#### Summary

AIA Canada believes that by addressing the recommendations in this submission, the Government of Canada will afford the automotive aftermarket industry the opportunity to grow in value tapping into the nearly \$14.0 billion in demand not being realized. Small-to-medium sized businesses are at the core of our industry with aftermarket businesses in virtually every community across Canada. The impact of these recommendations would have a positive impact on members in our industry.

Thank you again for the opportunity to provide our recommendations and we would be honoured to appear before the committee to discuss in more detail if required.

Sincerely,

Marc Brazeau  
President & CEO  
AIA Canada