

Liinamaa, Maija TRAN:EX

From: Ronald Tremblay <ronald@thegarage.ca>
Sent: April 10, 2017 2:42 PM
To: Transportation, Minister TRAN:EX
Cc: Main, Grant TRAN:EX; Kislock, Lindsay M TRAN:EX; Brownsey, Silas TRAN:EX
Subject: 265857 - Automotive Services Sector

Todd Stone
Minister of Transportation and infrastructure

Dear Todd:

Thank you for acknowledging my responsibility with the ARA. My family are founding members of the ARA and I find myself very motivated to serve the success of the Automotive industry.^{s.21}

They represent a fourth generation for my family that started in Vancouver in 1934.

I especially appreciate the forward moving tone in your thoughts about the JIR, work being done by the Glass sector and soon the rest of the sectors, earmarked for the same kind of progress.

I believe the frustration we have experienced will swiftly be replaced by a confidence in the working partnerships being created by your staff and industry as our members sink their teeth into the process.

The importance of successfully transitioning the Training center into industries hands cannot be overstated. The Automotive industry deserves all the professional status it kind find to rebuild the talent pool and pride with in our trade.

Finally, yes change takes time and some of the changes needed are decades overdue and deserve our utmost attention and collaboration to remain in solution and sustainability for the trade, safety of our highways and citizens.


Enjoy the campaign.

s.22

Sincerely,

Ron Tremblay

ARA Chair

 **theGarage.ca**
Driving a better experience

Ronald Tremblay
Owner
Office: 604.733.1312
Cell: 604.230.7741

From: Transportation, Minister TRAN:EX [mailto:Minister.Transportation@gov.bc.ca]
Sent: Friday, April 07, 2017 8:43 AM
To: Ronald Tremblay

Cc: Main, Grant TRAN:EX; Kislock, Lindsay M TRAN:EX; Brownsey, Silas TRAN:EX
Subject: 265857 - Automotive Services Sector

Ron Tremblay, Chair
Board of Directors
Automotive Retailers Association
ronald@thegarage.ca

265857 - Automotive Services Sector

Dear Ron:

Congratulations on your recent appointment as the Chair of the Board of Directors for the Automotive Retailers Association (ARA). Thank you for taking on this important role.

There is much work ahead to ensure the long-term viability and sustainability of the automotive services sector in British Columbia, and I can assure you that the Ministry of Transportation and Infrastructure is committed to working with the ARA on this front. I also wanted to take a moment to recognize the efforts of your President and CEO, Ken McCormack. Ken has been a strong advocate for the sector over the past several years and has worked tirelessly to bring the concerns of your members to the attention of both the ministry and the Insurance Corporation of British Columbia (ICBC).

I appreciate that the delay in the completion of the Joint Industry Review (JIR) has caused frustration among your members. However, I know that over the past several months, senior officials from the ARA, New Car Dealers Association (NCDA), ICBC and the ministry have been in discussions on the JIR and how best to move forward with its recommendations. This has included several meetings to prioritize recommendations and discuss governance timeframes, as well as work with MNP to better understand how the model shop concept might be operationalized. I would like to thank both you and Ken for your ongoing contributions and commitment to this work.

As noted in my communication to each of the parties on March 24, 2017, the provincial government accepts the recommendations in the JIR and supports the action plan and timeframe that have been agreed to by all parties. I have asked ministry officials to stay fully engaged in this process and to facilitate the development of a more detailed workplan. My expectation is that work to implement the key recommendations in the JIR and the action plan should commence immediately, so that all parties are able to demonstrate progress by this summer.

I have been extremely impressed, and have heard nothing but positive feedback from industry, with respect to how the new glass repair program (one of the first items in the action plan) has been rolled out. I think this speaks volumes to the ability of the ARA, NCDA and ICBC to work collaboratively and deliver an extremely successful program under tight timelines. I would expect that the new glass repair program will serve as the standard by which the remainder of the work stemming from the action plan will be measured.

In terms of the proposed Automotive Centre of Excellence, government remains committed to working with the automotive services industry in transitioning the responsibility for industry training. I want to ensure that industry is well positioned to be successful in this endeavour. Ministry staff are working with officials from the Ministry of Jobs, Tourism and Skills Development and the Ministry of Advanced Education to better understand how the ARA's proposal fits in terms the overarching industry training framework. I understand there is still some work to do in this area. Again, my expectation is that ministry staff will place a high priority on this work and that we will undertake our due diligence while still maintaining momentum for this important initiative.

Implementing change takes time, and we need to ensure we have the right people engaged, clear expectations and timeframes, and shared ownership of the process. Investing the time in these elements now will set us up for success.

Sincerely,

Todd G. Stone
Minister

Copy to: Grant Main
Deputy Minister

Lindsay Kislock
Assistant Deputy Minister, Partnerships Department

Silas Brownsey
Executive Director, Transit Branch

**BACKGROUNDER: Joint Industry Review and the Transfer of Responsibility for Material Damages
Technical Training to the Industry**

The following outlines two key announcements that the Honourable Todd Stone, Minister of Transportation and Infrastructure made regarding the concept of a joint industry-ICBC review and the potential transfer of material damage technical training responsibilities from ICBC to industry.

Since the AGM, the Minister has met with the ARA, NCDABC and ICBC to further discuss these two important initiatives and reiterate the expectations around these items. Although the MVSA was not in attendance, it is expected that they will continue to be part of the ongoing dialogue on these matters.

The purpose of this background document is to provide members of the various associations with additional background regarding these two key initiatives and outline next steps.

Initiative #1 – Joint Industry Review

The intention behind this 3rd party industry review is to have an independent body take a detailed look at the current state of the industry (including collision, glass repair, and towing sub sectors).

Setting the terms of reference, engaging a consultant, and guiding the review will be a joint effort between ICBC, the ARA and the NCDABC. The MVSA will be invited to participate in these discussions as they take place. Representatives of these associations will work collaboratively to ensure that the outcome of this work is of the highest quality and value for all parties. It will include feedback from each group to develop the terms of reference, as these agencies will have common interests in the results.

At minimum, the report will consider the following:

- Market based mechanisms for establishing rates – are there improvements to ICBC's current methodology to establish rates (recognizing the limitations concerning the inability to negotiate with industry)
- Staff recruitment and retention strategies and investments in training
- How to best navigate regional differences within BC's auto repair industry

This report will serve as an extremely valuable tool in charting the future direction for this industry. As such, ICBC, the ARA, the NCDABC and the MVSA are encouraged to work towards an aggressive timeline for completion, based on the final agreed to scope.

Initiative #2 – Transfer of Responsibility for Material Damage Technical Training to Industry

ICBC, the ARA, and the NCDABC have begun to discuss the potential for transferring the responsibility for material damage technical training to the industry. The MVSA will be invited to participate in these discussions as they take place. One of the key considerations in moving forward with the transfer will be ensuring that there is a smooth transition with minimal interruptions to services for the industry, and minimal disruption to ICBC. The ministry expects that training will continue to benefit and be accessible to all of industry equally. The ministry also envisions that a new industry-led training model will lead to enhanced and expanded training opportunities supported by industry experts, the latest technology and jobsite experience.

Another key consideration in these discussions is ensuring that the industry has an adequate facility and resources to provide this training. It will be equally important to ensure that there is no negative impact to ICBC's bottom line or to ratepayers through any transfer of these responsibilities.

The ministry, ICBC and industry partners will continue to work through a number of options regarding an appropriate training facility. It is important to ensure that industry's needs for a training facility are appropriately addressed.

As an immediate next step, industry partners will develop a business plan, in coordination with ICBC, to explore this in more detail and provide additional insight into the exact facility and long term training requirements.

Liinamaa, Maija TRAN:EX

From: Transportation, Minister TRAN:EX
Sent: October 21, 2015 3:38 PM
To: 'Mark.Blucher@icbc.com'
Subject: 251190 - Joint Industry-ICBC Review and Material Damage Technical Training

Mark Blucher, President and CEO
Insurance Corporation of British Columbia
151 West Esplanade
North Vancouver BC V7M 3H9

Reference: 251190

Mark.Blucher@icbc.com

Dear Mark Blucher:

Re: Joint Industry-ICBC Review and Material Damage Technical Training

Please find attached a backgrounder on the Joint Industry Review and the Transfer of Responsibility for Material Damages Technical Training to the Automotive Retailers Association.

Sincerely,

Todd G. Stone
Minister

Attachment



Attachment.pdf



**BACKGROUNDER: Joint Industry Review and the Transfer of Responsibility for Material Damages
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As an immediate next step, industry partners will develop a business plan, in coordination with ICBC, to explore this in more detail and provide additional insight into the exact facility and long term training requirements.

Linamaa, Maija TRAN:EX

From: Ken McCormack <kmccormack@ara.bc.ca>
Sent: October 23, 2015 11:19 AM
To: Bell, Jordan TRAN:EX
Cc: Transportation, Minister TRAN:EX
Subject: FW: 251000 - Joint Industry-ICBC Review and Material Damage Technical Training
Attachments: Attachment.pdf

Jordan,

This communique has language that I am not in agreement with and is contrary to the commitments the Minister made to the ARA at our AGM on September 19, 2015. We want only to work together on all of this but we can't support this communique as it stands. I will call you on Monday to discuss the ARA concerns.

Regards,

Ken McCormack
President & CEO

Unit #1 - 8980 Fraserwood Court
Burnaby, BC Canada V5J 5H7

T 604 432 7987
F 604 432 9940

ARA advocacy efforts earn results - Minister gets standing ovation at the ARA AGM.

³The ARA is the voice of your industry, not just with the B.C. government, but with other facets of the political establishment and other industry organizations, and British Columbians generally.² Hon. Minister Stone

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On 15-10-21 3:36 PM, "Transportation, Minister TRAN:EX"
<Minister.Transportation@gov.bc.ca> wrote:

>
>Ken McCormack, President and CEO New Car Automotive Retailers
>Association
>8980 Fraserwood Court, Unit 1
>Burnaby BC V5J 5H7 Reference: 251000
>
>
>kmccormack@ara.bc.ca
>
>Dear Ken McCormack:
>
>Re: Joint Industry-ICBC Review and Material Damage Technical Training
>
>Further to my letter to you of October 2, 2015, and our discussions the
>following Monday, please find attached a backgrounder on the Joint
>Industry Review and the Transfer of Responsibility for Material Damages
>Technical Training to the Automotive Retailers Association.
>
>Sincerely,
>
>
>Todd G. Stone
>Minister
>
>Attachment
>
>
>



October 2, 2015

Blair Qualey, President and CEO
New Car Dealers Association of British Columbia
10551 Shellbridge Way, Suite 70
Richmond BC V6X 2W9

Reference: 250870

bqualey@newcardealers.ca

Dear Blair Qualey:

Re: Joint Industry-ICBC Review and Material Damage Technical Training

I was glad to see you at the recent Automotive Retailers Association (ARA) Annual General Meeting (AGM) and at the 2015 B.C. Auto Industry Convention in Vancouver. It was great to see a large turnout and a fully engaged membership on hand. I am sure the remainder of your convention was a success.

I trust that you have had some time to discuss with your members the initiatives I mentioned in my remarks at the ARA AGM, namely the concept of a joint industry-ICBC review as well as the potential transfer of material damage technical training responsibilities from ICBC to industry.

With respect to the review, the purpose would be to consider market-based mechanisms for establishing rates, staff recruitment and retention strategies, investments in training, and how to best navigate regional differences within British Columbia. I envision this review would include the participation of the BC New Car Dealers Association (BCNCDA), as your members have similar interests and concerns. I have asked ICBC to contact you shortly to seek your collaboration on the terms of reference, and it is my hope that this work can begin as soon as possible.

Regarding the potential transfer of material damage technical training responsibilities, I want to ensure that any transfer of these responsibilities is facilitated via a smooth transition with minimal interruptions to services for your members and minimal disruption to ICBC. I also expect that a new industry led training model will lead to enhanced and expanded training opportunities supported by industry experts, the latest technology and jobsite experience.

.../2

Ministry of Transportation
and Infrastructure

Office of the Minister

Mailing Address:
Parliament Buildings
Victoria BC V8V 1X4

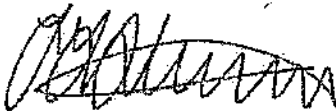
- 2 -

Furthermore, I am committed to ensuring that as part of any transfer, industry has an adequate facility within which to deliver these responsibilities, and the resources to do so. It will be equally important to ensure that there is no negative impact to ICBC's bottom line and thus to the ratepayers of British Columbia through any transfer of these responsibilities.

I envision that this initiative, and in particular the use of the facility, would include the participation of the ARA, the BCNCDA and possibly other agencies. I have asked ICBC to be ready to work with these interested agencies on this initiative should we mutually determine, based on further conversation, that there is indeed interest in exploring this concept, and that there is a strong mutual sense as to a practical path forward that meets the objectives of all concerned.

On that note, I look forward to meeting with you and other interested agencies on Monday.

Sincerely,

A handwritten signature in black ink, appearing to read 'Todd G. Stone', with a stylized, cursive script.

Todd G. Stone
Minister



October 2, 2015

Ken McCormack, President and CEO
Automotive Retailers Association
8980 Fraserwood Court, Unit 1
Burnaby BC V5J 5H7

Reference: 250858

kmccormack@ara.bc.ca

Dear Ken McCormack:

Re: Joint Industry-ICBC Review and Material Damage Technical Training

Thank you again for asking me to provide remarks at the recent Automotive Retailers Association (ARA) Annual General Meeting (AGM). It was great to see a large turnout and a fully engaged membership on hand. I am sure the remainder of your AGM was a success.

I trust that you have had some time to discuss with your members the initiatives I mentioned in my remarks at your AGM, namely the concept of a joint industry-ICBC review as well as the potential transfer of material damage technical training responsibilities from ICBC to industry.

With respect to the review, the purpose would be to consider market-based mechanisms for establishing rates, staff recruitment and retention strategies, investments in training, and how to best navigate regional differences within British Columbia. I envision this review could also include the participation of the BC New Car Dealers Association (BCNCDA), whose members have similar interests and concerns. I have asked ICBC to be in contact with you shortly to seek your collaboration on the terms of reference, and it is my hope that this work can begin as soon as possible.

Regarding the potential transfer of material damage technical training responsibilities, as indicated at your AGM and in our discussion that followed in the days after, I want to ensure that any transfer of these responsibilities is facilitated via a smooth transition with minimal interruptions to services for your members and minimal disruption to ICBC. I also expect that a new industry led training model will lead to enhanced and expanded training opportunities supported by industry experts, the latest technology and jobsite experience.

...2/

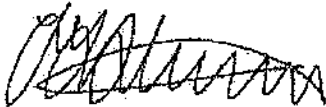
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Finally, I envision that this initiative could also include the participation of the BCNCDA and possibly other agencies. I have asked ICBC to be ready to work with the ARA and other interested agencies on this initiative should we mutually determine based on further conversation that there is indeed interest in exploring this concept further, and that there is a strong mutual sense as to a practical path forward that meets the objectives of all concerned.

On that note, I look forward to meeting with you and other interested agencies on Monday.

Sincerely,

A handwritten signature in black ink, appearing to read 'Todd G. Stone', with a stylized, cursive script.

Todd G. Stone
Minister



BRIEFING NOTE FOR INFORMATION

DATE: April 6, 2016
PREPARED FOR: Honourable Todd G. Stone, Minister of Transportation and Infrastructure
MEETING: Ken McCormack, Automotive Retailers Association on April 7, 2016
ISSUE: Automotive Retailers Association various issues

SUMMARY:

- The Automotive Retailers Association (ARA) continues to express concerns regarding ICBC supplier rates and a number of other issues.
- The Province has provided direction to ICBC to explore cost containment strategies, with a goal of keeping vehicle insurance rates affordable for families.

BACKGROUND:

The ARA represents approximately 41 per cent of ICBC's material damage suppliers (collision repair, glass and towing services). In March 2016, ICBC had approximately 1,325 material damage suppliers, of which 547 were ARA members.

The ARA continues to lobby government regarding ICBC's established supplier rates and on a number of other matters. The ARA believes that ICBC's labour rates for suppliers are too low and that shops are not profitable because of these rates. The ARA supports the BC's public insurance model but understands that more should be done to ensure the sustainability of the automotive retail sector in BC.

In December 2015, ICBC announced inflationary rate increases for suppliers. The majority of collision repair, glass and towing suppliers received a 1.8 per cent labour rate increase, effective January 1, 2016. At the same time, ICBC also announced:

- a 5.6 per cent increase for refinish materials and 8.2 per cent increase for sheet metal materials for all commercial and personal collision repairers; and
- a 1.8 per cent increase to all regional daily storage rates for Towing and Recovery Plus suppliers.

DISCUSSION:

The ARA has provided a list of items they wish to discuss with the Minister. ICBC has provided updates on a number of these items raised by the ARA (Appendix 1). In addition to the ICBC updates, the following information is also provided:

Vicarious Liability - Any changes to liability insurance for rental car companies (in terms of primacy and vicarious liability) will require legislative amendments. Ministry staff are continuing to undertake policy analysis. A number of issues have been raised during the original scoping exercise (see Appendix 1), resulting in a need for additional, more extensive analysis in order to better understand some of the possible intended (and unintended consequences) of changing BC's existing rules. The next potential legislative opportunity will likely not be until next year (2017). This has been communicated to the Automotive Retailers Association. A briefing note for the Minister's consideration is forthcoming.



Ministry of
Transportation
and Infrastructure

FINANCIAL IMPLICATIONS:

- None.

Attachment: 1: ICBC Briefing Note: Current Stakeholder Assessment: Automotive Retailers Association (ARA)

PREPARED BY:

Andrea Mercer, Manager, Crown Agency Policy
Partnerships Department
(250) 387-6024

REVIEWED BY:

Lindsay Kislock, ADM
Partnerships Department

INITIALS

LK



BRIEFING NOTE

Attachment 1: ICBC Briefing Note: Current Stakeholder
Assessment: Automotive Retailers
Association (ARA)

- I. Prepared for:** The Honourable Todd Stone, Minister responsible for ICBC, for **INFORMATION**
- II. Subject:** Current stakeholder assessment: Automotive Retailers Association (ARA)
- III. Background:**

- The Automotive Retailers Association (ARA) represents approximately 41 per cent of ICBC's material damage suppliers (collision repair, glass and towing services). In March 2016, ICBC had approximately 1,325 material damage suppliers, of which 547 were ARA members. See Appendix for more information.
- The increase in crash frequency is having a positive effect on industry. As the table below shows, not only is there more work going to suppliers, but also an increase in total spend, which contributed to a more healthy and robust industry in 2015. The trends of increased counts and increase in spend are providing more dollars to the industry.

	Column Labels ▾					
Values	2010	2011	2012	2013	2014	2015
Paid Estimate Count	235,329	225,828	221,720	224,956	229,949	246,770
Repair \$ paid	\$ 552,958,742	\$ 533,478,887	\$ 534,071,956	\$ 546,489,021	\$ 537,559,142	\$ 582,744,414

- ICBC must balance the needs of its approximately three million policyholders with fiscal responsibility and supplier relationships, and that often conflicts with the ARA's goals and objectives of its membership. While this relationship can be challenging at times, ICBC continues to remain committed to working with the ARA.

IV. Discussion:

Independent review of industry

- In January, ICBC, the ARA and the New Car Dealers Association (NCDA) agreed on the Terms of Reference (TOR) for an independent third party industry review, as announced by Minister Stone at the ARA's 2015 AGM.
- In February, ICBC agreed to retain and pay Meyers Norris Penny (MNP LLP) for their consulting services for the joint study and in accordance with the TOR and MNP LLP's proposal.
- The review will cost around \$210,000 (not including taxes and out-of-pocket expenses for travel or purchase of data) and is expected to take approximately 24 weeks to complete.

Transfer of training to industry

- In December 2015, ICBC provided the ARA with copies of all of ICBC's material damage training courses that are being transitioned to the industry, as announced by Minister Stone at the ARA's 2015 AGM.
- ICBC also provided hard copy manuals, booklets as samples to assist the ARA



BRIEFING NOTE

with their review and program development. More recently, ICBC also provided soft copies of its 2015 quarterly training schedule.

- In January, at the request of the ARA, ICBC prepared a DVD that contains some ICBC training videos. The DVD has yet to be picked up by the ARA.
- To date, ICBC has not received any other feedback on the training materials.
- As noted in a backgrounder provided by Minister Stone to ICBC and the various associations on October 21, 2015, "industry partners will develop a business plan, in coordination with ICBC, to explore this in more detail and provide additional insight into the exact facility and long term training requirements". To date, ICBC has not received a draft business plan from industry partners.

Competition Bureau and rates

- ICBC wrote to the ARA in October 2015, inviting them to review our responses from the Competition Bureau as it related to setting of MD repair rates. Doing so would require signing a confidentiality agreement.
- ICBC subsequently wrote to the ARA in November 2015 (having had no response to the previous letter) confirming that a review by the ARA of the response could lead to the joint development of new questions for the Competition Bureau – a concept raised by the ARA with the Minister.
- To date, there has been no response.

Vicarious liability

- ICBC has some very serious concerns with eliminating vicarious liability for rental vehicle owners.
- Some of these reasons include:

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Auto parts salvage

- The ARA feel that ICBC designates too many vehicles as DPO (dismantle for parts only). ICBC has chosen to follow the CCMTA (Canadian Council of Motor Transport Administrators) guidelines for making our decisions.
- The ARA feel that ICBC doesn't monitor what happens to vehicles after they sell the salvage. ICBC have advised that it is not in our mandate and other entities exist such as the CVSE (Commercial Vehicle Safety and Enforcement) and MVSA (Motor Vehicle Sales Authority) that govern the inspection of vehicles and governance of the sellers of vehicles. ICBC has also changed its salvage agreement to allow us to remove any salvage buyer from our buyer list if we obtain evidence to confirm that they have violated the agreement.
- The ARA may argue that ICBC allows DPO vehicles to be registered as rebuilt. ICBC does not allow any vehicle that has been confirmed designated as DPO to be registered as rebuilt.
- The ARA feel that the inappropriate management of DPO vehicles is a significant problem. In discussion with the ARA on November 13, 2015, it was confirmed that the concerns raised are attributable to a small group of vendors.

ICBC / ARA Committees

- ICBC currently has eight active committees that include ARA members. ICBC remains committed to involving these ARA representatives and maintaining dialogue with them.

Contact: Chris Tupper
Manager, Government
Partnerships and Programs
604-328-4271

Business Area Brian Jarvis
VP, Claims
Contact: 604-982-2420

Date: April 4, 2016

Appendix

Figure 1: ICBC material damage suppliers and ARA membership as at March 2016.

MD supplier group	# of ICBC MD suppliers	ARA Members	% of ICBC suppliers that are ARA members
Base Tow	132	18	13.6%
Towing & Recovery Plus	92	44	47.8%
Base Glass	72	6	8.3%
Glass Express	429	227	52.9%
Base Bodyshop	98	6	6.1%
car shop	7	0	0.0%
Express Shop	495	246	49.7%
TOTALS	1325	547	41.3%

Sources: ICBC supplier data and ARA membership data (as listed on the ARA website), as at March 2016.

Figure 2: Breakdown by area of ICBC's material damage suppliers and ARA membership as at March 2016.

MD supplier group	Lower Mainland			South			North/Central			Van Island		
	# of ICBC suppliers	ARA Members	% of ARA	# of ICBC suppliers	ARA Members	% of ARA	# of ICBC suppliers	ARA Members	% of ARA	# of ICBC suppliers	ARA Members	% of ARA
Tow	27	5	18.5%	43	5	11.6%	36	4	11.1%	26	3	11.5%
Towing & Recovery Plus	31	19	61.3%	34	10	29.4%	13	7	53.8%	14	9	64.3%
Base Glass	28	4	14.3%	15	0	0.0%	16	0	0.0%	13	2	15.4%
Glass Express	164	123	75.0%	124	52	41.9%	76	29	38.2%	65	23	35.4%
Base Bodyshop	78	6	7.7%	10	0	0.0%	3	0	0.0%	7	0	0.0%
car shop	5	0	0.0%	0	0	0.0%	0	0	0.0%	2	0	0.0%
Express Shop	305	161	52.8%	88	44	50.0%	38	16	42.1%	64	25	39.1%
TOTALS	638	318	49.8%	314	111	35.4%	182	56	30.8%	191	62	32.5%

Sources: ICBC supplier data and ARA membership data (as listed on the ARA website), as at March 2016.

**Automotive Retailers Association (ARA) Automotive Center of Excellence Business Plan
MOTI Summary Overview**

SUMMARY:

- The ARA is proposing to lead an Automotive Center of Excellence (the Center) in BC to provide the ongoing annual upgrade training, research and support for the automotive aftermarket and service industry.
- The ARA is asking for \$652,500 from government to fund start-up costs, including costs related to the purchase of equipment, tools and machinery, and cash flows for the first year of operations, and rent free use of the 8350 Eastlake Drive ICBC Facility.

BACKGROUND:

Business Need:

- The automotive sector is experiencing a shortage of qualified trades' people as a result of an aging workforce and the inability to attract new workers.
- A repair shop's accreditation agreement with ICBC requires that their technicians keep their qualifications up-to-date on an annual basis.
- Approximately 80 per cent of training is completed on-line by original equipment manufacturers (OEM) and I-CAR, a national training and accreditation body, with the remainder provided with ICBC trainers at ICBC's Burnaby training facility or in regional colleges. ICBC is no longer providing this training, as collision repair training falls outside of their mandate as a corporation.
- The Automotive Retailers Association (ARA) has identified a need for a coordinated training and education plan to prevent significant risk to motorists and the general public.

ARA Automotive Center of Excellence:

- The ARA is proposing to lead an Automotive Center of Excellence (the Center) in BC to provide the ongoing annual upgrade training, research and support for the automotive aftermarket and service industry.
- The ARA is also proposing to provide accreditation and certification programs for the automotive repair industry, which would include elements of business management and human resource training. This proposed training would take place in the Center.
- The proposed governance model of the Center includes an Advisory Committee comprised of industry stakeholders from all relevant industry sectors and partners.
- Current certifications under development by the ARA include: Collision Repair; Automotive Glass Repair and Replacement; Independent Mechanical Repair; Automotive Recyclers; and Towing and Recovery.
- The ARA anticipates that training provided by the Center would also meet the needs of automotive refinish companies and distributors, automotive equipment, parts manufacturers and distributors and technology companies.
- Some potential partnerships identified by the ARA include: I-CAR Canada; some of the regional colleges in the Lower Mainland, Kelowna and Prince George; the Automotive Training Centre; Commercial Vehicle Safety & Enforcement; Worksafe BC; New Car Dealers Association of BC; and the Industry Training Authority.

The Plan Assumptions:

- The Center assumes an eight hour annual training requirement, with 50 per cent of employees upgrading their training on an annual basis by year five.
- Each class offered would require a 20 student minimum, and one day for room set up and dismantle. According to the ARA, these assumptions provide an estimated 1028 classroom day's utilization.
- The preferred learning method is face-to-face instructor-led training, although internet based and remote training will be considered wherever possible, in recognition of the geographical disbursement of students.
- The ARA has provided a facility and equipment needs assessment and includes a manager to oversee operations (Salary \$60,000), an administrative support person (\$18/hr), and one full-time trainer with additional course trainers employed on a contract basis.
- Course fees average \$143/student per course (\$110 cost of training; 30% admin fee)
- Additional revenue: five offices available for rent at a cost of \$4,200/year; 50 training room days available to partners for non-ARA facilitated courses at a cost of \$250/day; and cash sponsorship estimated to start at 10 partners averaging \$1,500/sponsor.
- Financials assume no rental cost for the facility based on MTS announcement September 19, 2016.

Necessary Facility Renovations:

- Identified building updates include: roof replacement, water ingress issues on east side of building and parking area, relocate pain booth finishing room away from electrical panels.
- Identified general upgrades include: replacement of hot water heaters, replacement of fire control panel and fire detection system, storage clean up, disentanglement of HVAC, IT and security system from ICBC.

Other alternatives:

- ARA business plan indicates that trade schools and colleges have a focus on providing students with apprentice type trades training, and do not have the capacity to deliver the annual upgrade training.
- ARA business plan indicates that existing collision repair facilities are unsuitable as they operate in a production type environment, and many would hesitate to house training for their competition.
- ARA business plan indicates that outsourcing of the training was considered, however there are no other facilities in British Columbia that offer the necessary upgrade training on a regular basis. Some original equipment manufacturers (OEM) offer new model training to a selection of shops, however, the training is product specific and by invitation.

Accreditation Programs:

- According to the materials submitted, the ARA has developed and fully implemented a Certified Auto Glass Service Program. Additionally, they have developed and communicated a Certified Collision Repair Program, and are currently developing a Certified Recycler Guidebook, and a Towing and Recovery Operator Certification and Training overview.
- As written, the governance structures for ARA's Accreditation Programs differ for Auto Glass and Collision; Auto Glass uses an ad hoc committee established as and when required, while the Collision has what appears to be an operational advisory committee.

- Fees for ARA members are almost half of what a non-ARA member's fees are; \$500-\$650 v. \$1,250 for non-members.
- While the accreditation programs are quite prescriptive in terms of facility, equipment and business management requirements, the programs also note the ARA's ability to change the program requirements year to year without notice. The ARA also reserves the right to conduct site visits without notice to inspect and enforce compliance with program requirements. This could be problematic and cost prohibitive to smaller operators.

FINANCIAL IMPLICATIONS:

The ARA is asking for \$652,500 from government to fund start-up costs, fund start-up costs, including costs related to the purchase of equipment, tools and machinery, and cash flows for the first year of operations and assist with cash-flow management in the first year of operations. The 2015 property assessment of ICBC's Burnaby facility located at 8350 Eastlake Drive is \$3.11M, up from \$2.88M in 2014.

Background:

In December 2016, the Ministry of Transportation and Infrastructure (MOTI) received a final copy of a report completed by MNP titled *"Joint Industry Review of the Automotive Services Industry in British Columbia"* (the 'JIR'), dated November 7, 2016. MNP was engaged by the Insurance Corporation of BC (ICBC), the Automotive Retailers Association (ARA) and the New Car Dealers of BC (NCDABC) to provide an assessment of the current state of the automotive services industry and make recommendations regarding:

1. Market-based mechanisms and methodologies that may be used to establish rates paid to the providers of the Automotive Services Industry, including mechanisms to recognize regional differences within BC.
2. Investments in Automotive Services Industry training.
3. Recruitment and Retention of Staff.
4. Continued availability of suppliers across the province to ensure access to Automotive Services.
5. Alignment of ICBC procedures and practices in relation to Industry best practices.

After being briefed by MNP, MOTI staff met with ICBC, the ARA and the NCDABC on February 6th, 2017 to discuss the report, and formulate next steps. Although the parties (to varying degrees) believe there were some gaps in the report, there was agreement to move forward with an action plan that builds off of the report's recommendations.

The parties also agree that good governance and open communications in terms of interaction between ICBC and the Automotive Services sector is paramount. This includes ensuring membership on joint committees is representative, and the decision-making of these structures is transparent and consistent. As such, the parties have agreed that considering changes to the existing liaison committee structure (Appendix A) would be a worthwhile endeavour. Improvements to the liaison committee structure will provide a solid framework that will allow ICBC and industry to better work together to start to address the series of recommendations coming out of the MNP review.

Finally, the parties agree that an Automotive Services Steering Committee be created to oversee this work, with a senior representative from each organization (including MOTI).

Proposed Framework/Next Steps

February 8, 2017	Announce new 'Glass Repair' Program (in collaboration with parties).
February 10, 2017	Summary / Next steps document provided to parties for review / endorsement.
February 14, 2017	Teleconference – further discussion / confirm endorsement of next steps.
February 14-17, 2017	Briefing(s) with Minister Stone for concurrence / direction on action plan.
February -March, 2017	ICBC to work with industry partners on program specifics / roll out options for new 'Glass Repair' program. Kick off session scheduled for February 17 th with

the existing Glass Liaison Committee meeting. Additional meetings to be arranged as needed. (Note: this committee will also be looking at other areas for improvement within the auto glass sector as part of the newly structured liaison committee).

End February, 2017	Q&A Session with MNP and the Steering Committee (TBC). MOTI to facilitate.
Early March, 2017	Communication from Minister Stone to parties (closing out report/action plan).
March, 2017	Steering Committee convenes and agrees to role and terms of reference. Liaison Committee restructuring / re-branding, including revised terms of reference, meeting frequency and membership (MOTI to facilitate this process, working with representatives from ICBC, ARA, NCDABC).
March – May, 2017	Steering Committee to consider building on the 'Model shop' approach and/or examine other potential mechanisms and methodologies to establish rates paid to Automotive Services suppliers (while ensuring compliance with the <i>Competition Act</i>).
March – April, 2017	Initial meeting of each 'new' Liaison Committee – adopt terms of reference, review MNP report, develop committee specific 'priorities' (using MNP report as the basis). MOTI representative to facilitate the initial meetings.
April – Sept, 2017	Work underway on JIR priority areas (i.e. Review of Supplier requirements for Collision repair shops).
Mid-September, 2017	Automotive Services Liaison Committee updates to Steering Committee – each Liaison Committee to provide an update to the Steering Committee in terms of progress to date / next steps / assessment of effectiveness of the new governance / communications / successes / pitfalls.
January, 2018	Progress report (progress against the MNP recommendations + any additional actions endorsed by each of the liaison committees) submitted to MOTI (ADM Partnerships Department). This accountability step will help gauge whether adequate progress is being made and how well the new governance structure is functioning (or if additional changes are warranted).



BRIEFING NOTE FOR INFORMATION

DATE: February 16, 2017

PREPARED FOR: Honourable Todd Stone, Minister of Transportation and Infrastructure

MEETING: Blair Qualey, President & CEO and Jim Inkster, Board Chair, New Car Dealers Association of BC on February 20, 2017

ISSUE: Automotive Services Joint Industry Review & Vancouver International Auto Show – Vancouver Convention Centre Bookings

SUMMARY: **Joint Industry Review**

- The Ministry has received the Automotive Services Joint Industry Review (conducted by MNP), and staff are now working closely with the New Car Dealers Association of BC (NCDABC), the Automotive Retailers Association (ARA) and the Insurance Corporation of BC (ICBC) to determine how to action / prioritize the report's recommendations.
- The NCDABC is a key stakeholder in BC's Automotive Service Industry. The Ministry values and appreciates the ongoing cooperation from the NCDABC in terms of working to ensure the auto services industry remains sustainable into the future.

Vancouver International Auto Show

- The NCDABC is an important and long-standing client of PavCo, and the ongoing success of the Vancouver International Auto Show is a priority to the Corporation.

BACKGROUND:

New Car Dealers Association: The New Car Dealers Association of BC (NCDABC) represents more than 360 new car and truck dealers throughout the province. Members of the NCDABC are responsible for close to \$1.1 billion of retail sales in the province, and employ over 36,000 British Columbians in 55 communities throughout the province. The NCDABC deals with the legal, environmental and consumer issues relating primarily to new vehicle sales in BC, and administers the Clean Energy Vehicle Program on behalf of the Province.

It is anticipated that the NCDABC would like to discuss the following two items with Minister Stone during the meeting scheduled for February 20th:

Automotive Services – Joint Industry Review: In December 2016, the Ministry of Transportation and Infrastructure (MOTI) received a final copy of a report completed by MNP titled "Joint Industry Review of the Automotive Services Industry in British Columbia", dated November 7, 2016. MNP was engaged by the Insurance Corporation of BC (ICBC), the Automotive Retailers Association (ARA) and the New Car Dealers of BC (NCDABC) to provide an assessment of the current state of the automotive services industry. Although the parties (to varying degrees) believe there were some gaps in the report, there was agreement to move forward with an action plan that builds off of the report's recommendations.

Vancouver Auto Show – Booking of the Vancouver Convention Centre: The Vancouver International Auto Show typically attracts approximately 85,000 fans, and has been held at the Vancouver Convention Centre since 2013 (previously held at BC Place). The 97th annual show is scheduled for March 28 to April 2, 2017 (with 100,000 attendees expected to attend). In 2013 NCDABC entered into an agreement with PavCo to secure dates through 2020.

DISCUSSION:

Automotive Services – Joint Industry Review: In addition to generally supporting the recommendations within the MNP report, the parties (NCDA, ARA, and ICBC) agree that good governance and open communications in terms of interaction between ICBC and the Automotive Services sector is paramount. This includes ensuring membership on joint committees is representative, and the decision-making of these structures is transparent and consistent. As such, the parties have agreed that considering changes to the existing liaison committee structure would be a worthwhile endeavour (for example, the NCDA is currently not represented on any of the ICBC Automotive Service Liaison Committees). Improvements to the liaison committee structure will provide a solid framework that will allow ICBC and industry to better work together to start to address the series of recommendations coming out of the MNP review. The parties have also agreed that an Automotive Services Steering Committee be created to oversee this work, with a senior representative from each organization (including MOTI).

Vancouver Auto Show – Booking of the Vancouver Convention Centre: When the NCDA entered into an agreement with PavCo in 2013 to ‘hold’ dates for the Vancouver Autoshow through 2020, some of the preferred dates for the Autoshow were not available due to prior agreements that had been established with other clients. Every effort was made by PavCo to work around existing convention business and to try to accommodate the client's preferred dates where possible. The NCDA has asked for rate reductions, and PavCo has been flexible where possible. PavCo has recently assigned dedicated VCC staff to work directly with the NCDA in terms of its convention centre bookings, and are keen to ensure future success of these events.

In order to help solidify/ publically demonstrate PavCo's commitment to work collaboratively with its current anchor licensees and other major customers, such as the NCDA, PavCo's 2017 mandate letter (which will be officially posted on February 21st) will include the following directive:

“By April 1st, 2017, develop an engagement strategy outlining how PavCo intends to increase collaboration with its current anchor licensees and other major customers (e.g. working with the New Car Dealers Association to expand and enhance the Vancouver International Auto Show). The strategy should describe the measures PavCo will take to enhance its customer service focus related to its major tenants and customers and demonstrate how this will translate into increased revenue generation opportunities.”

FINANCIAL IMPLICATIONS:

- None

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