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Chair

Mr. Merv Tweed

Standing Committee on Transport, Infrastructure and Communities

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• (0900)

[English]

The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)): Good morning, everyone.

Welcome to the third meeting of the Standing Committee on Transport, Infrastructure and Communities. Pursuant to Standing Order 108(2), we are studying the recall of vehicles manufactured by the Toyota Motor Corporation.

Joining us today, from Toyota Canada we have Mr. Tomihara, president and chief executive officer, and Stephen Beatty, managing director. From Toyota Motor North America we have Yoshi Inaba, president and chief operating officer. From Toyota Motor Manufacturing Canada we have Ray Tanguay, president.

We welcome you to our committee and thank you for your attendance here.

For the advice of the committee members, we have a collective committee of industry and transport. I understand there will be some need for translation, so I ask the committee for their indulgence. I will judge the time accordingly so that people aren't necessarily caught halfway through a translation getting an answer and waiting for a response.

Mr. Volpe, do you have an opening comment?

Hon. Joseph Volpe (Eglinton—Lawrence, Lib.): I want to thank you for making that observation.

On behalf of all the members of the Liberal caucus, on both the industry and manufacturing sides, I want to thank our guests for coming forward, particularly Mr. Yoshi Inaba, who has made a special effort to come here.

I realize there are going to be translators as part of this discussion, and I want to make sure they get adequate opportunity to address issues. If we are pushed by the clock to do it that may be a little difficult. So I thank you for indicating that you want to demonstrate flexibility.

I fully expect that we'll have the full amount of time allocated to all questioners for this. It will be fair to questioners as well as respondents.

So thank you very much for doing that.

The Chair: Thank you.

With that, I'll ask for opening comments. Then we'll move to questions of the committee.

Mr. Tomihara, I presume you're going to make the statement. Please begin.

Mr. Yoichi Tomihara (President and Chief Executive Officer, Toyota Canada Inc.): Thank you.

Thank you for inviting me here to Canada to the committee today to respond to the Toyota recalls.

Over the past few months many Canadians have wondered whether Toyota vehicles are safe, and we regret that this has caused our customers both anxiety and inconvenience. We intend to address these concerns today as a Canadian company.

We sell more Canadian-built vehicles in Canada than any other company. In fact, over half of the vehicles we sell here are Canadian built. We therefore welcome this opportunity to explain why Toyota vehicles are safe and continue to be among the safest and highest quality in the world.

I know this because as a senior Toyota executive I have been exposed to many experiences around the world. A decade ago I developed an early appreciation for Canada's unique market differences, having worked to bring Canadian drivers the Toyota Echo hatchback, a model unique to this Canadian market.

As the president and chief executive officer of Toyota Canada my mandate is to ensure that our Canadian operations adhere to Canadian goals and regulations and Toyota's global core values. A Canadian perspective is really important when explaining the recall, all issues related to this campaign, and what we will be doing in the future to minimize the possibility of such issues reoccurring.

We also welcome this opportunity to provide some suggestions to the members of this committee on ways the industry, regulators, and other stakeholders can work together to ensure the safety of all vehicles on Canadian roads.

Appearing with me today is Mr. Yoshi Inaba, president and CEO of Toyota Motor North America; Mr. Ray Tanguay, president of Toyota Motor Manufacturing Canada; and Mr. Stephen Beatty, managing director of Toyota Canada Inc.

Mr. Inaba, please.

• (0905)

Mr. Yoshi Inaba (President and Chief Operating Officer, Toyota Motor North America): Mr. Chairman, thank you for your request to appear here today. I welcome the opportunity to come to Canada, and I have the utmost respect for the Canadian parliamentary system.

I always enjoy my visits to Canada because Toyota has such a rich tradition in this country. Toyota started selling vehicles here over 45 years ago and built its first greenfield parts manufacturing facility for North America in British Columbia over 25 years ago. That was followed by a full vehicle assembly plant a few years later. In addition, Canada is currently the only country outside of Japan to build Lexus vehicles. So I have a special place in my heart for the hundreds of Toyota and Lexus leaders, thousands of sales and manufacturing associates, and of course millions of customers here in Canada.

Having said that, I think it is very important that I clarify my role here in Canada and North America. My role, as president and chief operating officer for Toyota Motor North America, is separate from the operations of Toyota Canada. Although I'm responsible for all consolidated operations in North America and broadly for business development in this region, Toyota Canada operates as a separate joint venture licensed to distribute vehicles in Canada. In that respect, responsibility for the Toyota and Lexus vehicles on the road and compliance by Toyota Canada with the laws and regulations of Canada, including the Motor Vehicle Safety Act, rest with Mr. Tomihara and Mr. Beatty.

So please do not take my inability to respond directly to many of your questions as a sign of disrespect. Redirecting your questions to Mr. Tomihara or Mr. Beatty will reflect my effort to ensure that you get the best, most direct response to your questions from the Toyota executive best equipped to respond and reflects my limited knowledge of the day-to-day business activities that take place in Canada. While my ability to contribute to today's discussion may be limited, I'm happy to be here to support Toyota Canada, its leaders, and its customers.

Mr. Chairman, Mr. Tanguay will now provide some additional comments about Toyota's manufacturing in Canada.

Thank you.

• (0910)

[Translation]

Mr. Ray Tanguay (President, Toyota Motor Manufacturing Canada Inc.): Thank you, Mr. Chairman, for giving me the opportunity to speak before this committee.

As President of Toyota Motor Manufacturing Canada Inc., I am responsible for our manufacturing operations in Ontario. This includes plants in Cambridge and in Woodstock, Ontario.

[English]

Since 1988, our Cambridge facility has grown from 50,000 to more than 270,000 vehicles, including the Corolla, the Matrix, and the Lexus RX350. The Woodstock facility opened in 2008 and produced the RAV4. It is the first new automobile assembly plant opened in Canada since the 1980s. I am proud to say that in just six days, on March 22, we will start a second shift, increasing our capacity to more than 150,000 vehicles annually. To support the launch of this second shift, more than 800 new team members have been hired over the last few months. Between our locations, TMMC will be able to produce more than 420,000 units annually. Our direct employment will be almost 7,000 team members. In addition, TMMC does business with more than 78 suppliers in Canada,

providing thousands of additional employment opportunities for Canadians.

[Translation]

As approximately 55% of the vehicles we manufacture are exported, we contribute in a major way to improving Canada's balance of trade.

Once again, thank you for this opportunity to appear before the committee.

I will now give the floor to Mr. Beatty, who will talk about the calls. Thank you.

[English]

Mr. Stephen Beatty (Managing Director, Toyota Canada Inc.): Mr. Chairman, thank you for convening today's hearing.

In a perfect world there would be no need for recalls, and that of course at Toyota is always our goal, but we know we also can't assume a perfect world. To that end, Toyota has developed a unique product servicing approach. We call it "Early Detection Early Resolution" or EDER. This process actively looks for issues not just related to safety but covering all aspects of the Toyota ownership experience.

Here in Canada we have enhanced our EDER system by establishing data-sharing agreements with all of our dealerships coast to coast. This single, tightly integrated, industry-leading system means that we can review and query all unusual service patterns, and an additional system automatically alerts us to unusual warranty activity. Together, these systems allow us to quickly detect potential problems in our vehicles. Second, Toyota has field engineers in North America who go on site to investigate issues, whether they're raised by our customers, by our own investigations, or by regulators like Transport Canada. Toyota also stations a dedicated team of field engineers in Canada during the winter months who can quickly identify any potential issues related to our unique climate. Third, our EDER process requires that when an issue is identified, we take action.

There are many factors that can give rise to a product incident. These include product defects, but also other factors over which automakers have no direct control. Vehicle modifications, including installation of after-market equipment, environmental issues, and human factors, can and do lead to incidents. That's why it is so important for our EDER teams to get to root causes.

What our teams learn, we share with other Toyota operations. But it's important to remember that Toyota vehicles built for Canada are selected specifically for this market, and many have unique features and specifications. That fact is central to understanding the difference in the all-weather floor mat recalls in Canada and the United States.

Last fall, Toyota in the United States recalled a number of models to address potential issues involving all-weather floor mats entrapping accelerator pedals. When that issue arose in the United States, Toyota embarked on an intense investigation to determine whether Canadian all-weather floor mats raised similar issues in the affected models. We determined that because the all-weather floor mats sold by Toyota Canada are of a different design and material from those in the United States, we did not have the same issue.

So, you might ask, why did we issue the recall? It's because we knew that telling our customers there was no need to worry was simply not good enough, not when their confidence in their vehicle was at stake. That's why, following discussions with Transport Canada, Toyota announced in Canada a separate, voluntary safety improvement campaign in November to cover the same models that were affected by the recalls in the United States. In addition, our investigation concluded that there was in fact one Canadian mat that was of concern, and as a result, we initiated a unique Canadian safety recall on the all-weather floor mat in the newly introduced Toyota Venza.

While Toyota was identifying and resolving the floor mat issue, we became aware of a handful of customer concerns that could not be explained by the all-weather floor mats. We discovered that in rare instances, a combination of wear and condensation could make certain accelerator pedals harder to press, slower to return to the idle position, or in the worst case stick in a partially depressed position—I should stress, not at a full-throttle condition. The chronology of the action we took in this respect is located at tab 7 in the binders we have supplied.

In light of the floor mat and pedal issues, Toyota has renewed its focus on quality. Toyota Motor Corporation's president, Akio Toyoda, has announced a six-point global program, which we have outlined at tab 8 in your binder. Toyota Canada is currently in discussion with Toyota Motor Corporation on how best to coordinate Canadian quality initiatives as part of this program. But rest assured, Canadian issues will be part of that global process.

The floor mat and pedal issues are unrelated, but mechanical in nature. Nonetheless, some have speculated that the real cause of acceleration complaints results from defects in the electronic throttle control system or ETCS. We want to put those questions to rest.

Every Toyota and Lexus vehicle that features our electronic throttle control system is equipped with a multiple fail-safe mechanism, which in the event of a malfunction reduces engine speed rather than allowing the vehicle to accelerate unintentionally. I want to be absolutely clear about this. As a result of our extensive testing, we do not believe that unintended acceleration has ever occurred because of a defect in our ETCS.

● (0915)

Toyota has conducted testing of the electronic throttle control system using the European standard for EMI testing in automobiles, ECE-R10. Our electronic throttle control system is tested to twice the European standard. The robustness of the fail-safe mechanisms in the ETCS in our vehicles has been confirmed by Exponent, a world-leading engineering firm that has conducted its own independent tests. While Exponent's work is not finished, we will release all of their findings when they are complete.

In addition to the fail-safe mechanisms designed into our ETCS, Toyota's braking systems are engineered to overpower the engine. We just finished a nationwide ride-and-drive program to demonstrate this fact. One enhancement you've heard about, which we've been introducing across our product line, is the brake override system, which reduces engine speed to near idle when the brake pedal is applied while the accelerator pedal is also depressed. By the end of this year, all new Toyota and Lexus models will be equipped with brake override from the factory. Meanwhile, as part of our safety improvement programs related to all-weather floor mats, we are incorporating the brake override system in a number of the models included in our campaigns. A summary of these recalls is provided to the committee members at tab 12. What's important is that we've identified the problem, implemented a solution, and with an over 60% completion rate today on the sticking pedal, we are well on our way to completing the remedies.

Finally, every new Toyota and Lexus vehicle in Canada is equipped with an event data recorder. Toyota Canada has provided Transport Canada with an event data recorder reader and an offer for training to help in its investigations. It's important to understand that there is no requirement for vehicles to be equipped with an EDR in North America. There is, however, a NHTSA ruling requiring any company equipping its vehicles with an EDR to make a readout tool commercially available by 2012. Through deployment of EDR and readout tools for our vehicles, we're providing this technology well in advance of 2012.

Before closing, Mr. Chairman, let me address some of the issues that arose in committee last Thursday. At that time, Transport Canada identified that they had received 17 complaints about all acceleration issues in all Toyota vehicles from 2006 to last fall. Of course, one event of unintended acceleration is one too many, but we don't have 17 unintended acceleration events. These are speed control complaints and include issues such as vehicle hesitation, vehicle component failures where the fail-safe mechanisms worked, and, in some cases, misperception about normal operational surges in the electronic throttle control system. In fact, when you look through those 17 complaints, there's only one event in the 17 that can be described as a sustained sudden acceleration event. This was in a 1996 Camry without electronic throttle control. It has a cable throttle system. One of the benefits of the electronic throttle control is the elimination of binding in the mechanical cable system.

It's important to underline, of course, that a complaint isn't the same thing as a finding of defect. In fact, a complaint is the starting point for an investigation, and action is taken where a safety defect is found. Transport Canada noted that Toyota's 17 complaints represented a low volume that is not out of line with the complaints registered against other major auto makers. Please remember that both Toyota and Transport Canada are legally obligated to act when a safety defect exists. It's not in the interests of Toyota Canada, our dealers, or our customers to fail to deal with known problems. We act if evidence of a defect exists.

To ensure public confidence, we've also enlisted the help of outside experts to test and confirm our investigations and processes. We take the safety of our customers and their confidence in our vehicles very seriously. We believe we're at the forefront of the Canadian industry in this regard.

Mr. Chairman, I'd also like to bring your attention to tab 13 in the binder, where we've listed some public policy recommendations for consideration by the committee. I'd certainly like to discuss these in greater detail during the Q and A, if time permits.

On that note, Mr. Chairman, I'll turn it back to you for the questions and answers.

● (0920)

The Chair: Thank you very much.

Mr. Volpe, you have seven minutes.

Hon. Joseph Volpe: *Bonjour.* Good morning. *Ohayou gozaimasu.* I hope I pronounced that correctly. My parents always taught me that it's good manners to wish everybody a good welcome in the language in which they feel most comfortable.

Gentlemen, thank you for coming before the committee.

I guess all of us are concerned that businesses continue to protect and promote their interest. Cynical people think that's spin. I think that's a healthy approach to garnering profits. The second part of that, of course, is that there's an appropriate investment in engineering soundness to ensure safety. I think that's what the committee is concerned about.

I know, Mr. Inaba, you're quite familiar with the concerns that have emerged in the United States that perhaps somewhere along the line the balance between lives and profits has been approached a little bit too closely. We are concerned about accountability and transparency, both from the producer side and from the government side. As Mr. Beatty just pointed out, there's a very close connection between the two. It's not a partisan issue; it's a consumer-driven issue.

The reason we wanted to speak to you, Mr. Inaba, is to get an understanding of whether there is a corporate definition for safety-related defects, and I guess you would be in a better position to address that than your Canadian counterparts. Do you have such a definition?

Mr. Yoshi Inaba: First of all, nothing is more important to Toyota than the safety and the reliability of the product to our customers, and we have held a long-term policy that when it comes to defects or recalls, cost is not the consideration. I will give you a reason for that.

The committee that determines the recall is deliberately separated from a top management decision. In other words, what we call the general manager level will make a decision on recalls, and then that will be approved by the immediate boss who is a managing officer, but the decision stops there. There is no top management decision involved in view of cost and therefore profit.

So it has been our policy and guiding principle that, again, I have to say, safety of our customers is of utmost importance.

Hon. Joseph Volpe: Nobody wants to question the sincerity of safety, but I think what parliamentarians would like to know is that when those managers make a decision, they must do it on the basis of data collected with the experience of those vehicles worldwide.

As you will recall, you were asked for such data, a compilation of data, by the congressional hearings in the United States. Today we're learning that apparently Toyota does or is going to use event data recorders to compile that information.

Is it your understanding that Toyota will make those decisions on the basis of worldwide event data recorded?

● (0925)

Mr. Yoshi Inaba: First of all, I think by the end of this year—virtually even today—most of the vehicles will be equipped with event data recorders. The question is the reader. It's a very very technical area. I don't know the details of it, but the reader is the issue. We have now made available some of the readers. We have increased the number of readers, and they are actually also being delivered to Transport Canada. We have also delivered three units to NHTSA. By the end of April, we are going to make 100 units of readers available and will then keep increasing the number.

At the same time also, just for your information, prior to a legal requirement in 2012 by the United States, we will be making the reader commercially available by the middle of next year. It is in our interest to know what happened to the vehicle when an accident or some irregularity occurs. We are ready to make the reader commercially available so that anybody can look into that. Of course, it is a vehicle owner's right to protect that information, so with the consent of the owners, we can make that information available to anybody who requires it.

Hon. Joseph Volpe: Currently you have the results of events that have been recorded in Ireland, Europe, and the United States. There have been some in Canada, notwithstanding an effort by some to suggest that it isn't really a significant number. It really is quite a significant number. Transport Canada provided this committee with a document that revealed some 125 incidents involving surges and unintended acceleration. Better than 75%, closer to 80%, of those occurred in the last five years. This is in the context of what Mr. Beatty refers to as proactive compliance with legislation in Canada.

Mr. Inaba, I know that you will want to address the issue of whether Toyota is coming to this solution—the solution is just a gathering of information—rather late and as a result of the issues that have been raised in the United States. I'm not here to discredit your company. I'm here to see whether you have complied with Canadian legislation and whether the Canadian government has been diligent in enforcing legislation to provide security. You probably will be able to tell this committee how many civil action, class action cases your company is dealing with today in Canada as a counterbalance to what Mr. Beatty says about proactive activity.

Mr. Yoshi Inaba: I don't know the details of the situation in Canada. I'd rather have Mr. Beatty answer that. Before that, I'd like to say that we see the importance of that kind of information—EDR—and therefore we decided to come forward with many more readers, as many as possible, so that we can share that information with authorities. It is our interest to know more about the incidents and therefore to come up with a quick remedy, if it is necessary.

The Chair: I have to ask Mr. Beatty to make a brief comment. Then I'll go to Mr. Laframboise.

• (0930)

Mr. Stephen Beatty: Thank you, Mr. Chairman.

I just want to explain very briefly that if you look at the complaints in the Transport Canada database, many of those references to surging reflect normal operation of the vehicle, because with the electronic throttle control, revving of the engine changes, depending on vehicle requirements. I'd be happy to get into that in more detail later.

There is one issue that I really want to highlight. That is, that a lot of the focus of attention has been on an event data recorder, which typically would trigger a data capture under very hard braking or if the air bags were deployed. That is not the only place you get data from a car.

I believe, Mr. Chairman, that from your own experience you'd know that our technicians are equipped with tools that can look at the service history of the vehicle and at many of the things that have happened over the last number of cycles of the car. When a vehicle is brought into a shop, we are able to identify whether errors have occurred in the system. That data is captured in the service order history I referred to in my presentation.

The Chair: Thank you.

We'll go to Monsieur Laframboise.

[Translation]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Thank you, Mr. Chairman.

I also thank you gentlemen, for having accepted our invitation.

I had the opportunity of questioning Transport Canada representatives and I told them that I had the impression that Canada was always lagging behind the United States in matters of safety. Their appearance before the committee did not convince me otherwise.

Mr. Beatty, in your presentation you talked at some length about the 17 complaints, only one of which was related to the accelerator. However, Transport Canada representatives also told us that

according to them there had never been any accelerator problems in the past. This did not seem to be a high priority. However, Mr. Lehouillier told us that he was very surprised to learn that Toyota Canada had received five complaints concerning the accelerators, as Transport Canada had received no data transfers with regard to these complaints.

This worries me, and I have some serious questions as to the importance granted to safety in Canada by those concerned, as compared to what people do not want the United States to know. Why did Toyota Canada receive five complaints concerning the accelerators and not immediately share the information with Transport Canada?

[English]

Mr. Stephen Beatty: Thank you.

Mr. Chairman, that is a very important question, and it goes to the heart of when do you discover there is a defect? When a customer brings a vehicle to one of our dealerships they register a complaint with the dealership to say, "All right, I have experienced something. Please review the vehicle and understand what is happening." If the service technician is not able to identify the problem or to fix it, a report is sent to Toyota Canada.

We put our own field technicians in place to try to investigate and understand what is happening. Our first case of a sticky pedal was in late October. At the time we didn't know what it was. What we were able to do was to very quickly not only work through our own internal investigation but to send that information to Toyota Motor Corporation for its review. In this process we investigate complaints. Some we determine are not product issues. Some ultimately lead to a vehicle recall.

Between the time of late October and January 21 we had five complaints. We took action to investigate the first time we had a problem, and as the complaints came in that led us to the conclusion based on our engineering studies that there was a problem, and we issued a recall.

[Translation]

Mr. Mario Laframboise: Mr. Beatty, from October to January, that is, almost five months, you left vehicles in circulation that could endanger the safety of Canadian citizens. My most important question concerns why you did not immediately inform Transport Canada of the situation.

I see that in the documents you submitted—I read your tabs—you did not refer to these five complaints. I am led to believe that this was because you did not want to tip off the Americans, which worries me for the safety of our Quebec and Canadian men and women.

[English]

Mr. Stephen Beatty: No, there is no intent to hold back information from the regulators, and in fact any information that Transport Canada has ever asked for we have supplied to them. The issue is in that investigation phase when you have something you just simply don't understand. At that point it may or may not be a problem. It may be a report of something that is normal in the vehicle. It may not be. In this case we were investigating and putting engineering teams into the field to find out what was going on. As soon as we had determined there was a problem, we issued a recall.

• (0935)

[Translation]

Mr. Mario Laframboise: Mr. Beatty, even in the document you gave us, on the matter of the acceleration problem you say that work has been done on only 60% of the vehicles whose accelerator pedals stick. You can probably assure us that the problem will be solved in only 60% of cases, and that is indeed the issue. I asked Transport Canada whether the department has the technology needed to determine what the problem is when the complaint is filed.

Currently, you cannot do so yourself since you are only going to solve 60% of the problem. You just told me that you needed five months to carry out analyses because you did not know... We now have technology that is more advanced than the safety capacity. We have a problem, Mr. Beatty.

Today, I want to ensure that this will never happen again and that the lives of Quebecers and Canadians will never be endangered again. Your documents do not reassure me. It takes you some time before you recognize a situation, whereas you should be able to quickly indicate the problems that crop up in an open manner to the population.

It is all well and good that black boxes can be installed, but the technology is so advanced that we can no longer guarantee people's safety. That is what I understand after reading your documents. Please reassure me, Mr. Beatty,

[English]

Mr. Stephen Beatty: Thank you.

Mr. Chairman, the issue of the 60% relates to the fact that since we announced the recall, 60% of the vehicles have come into the dealerships and have had the remedy applied. We can only do that as quickly as customers bring their vehicles to our dealerships. Every customer has received a letter from us asking to bring their vehicle in, and our dealerships have the capacity to do this work. There is no backlog in terms of our own operations. In fact, the completion rate on this is one of the most rapid recall completions in Canadian history.

But, like you, I am concerned about any situation where we have any vehicle.... Even if this is a rare condition, we want those vehicles off the road into our dealerships and the pedals repaired to ensure the problem cannot happen again. I certainly would join you in asking anyone who has one of those vehicles to bring it in to a dealership as quickly as possible to have the remedy applied.

So far, we believe that a completion rate of over 60% is very rapid for repairs that began at the beginning of last month.

[Translation]

The Chair: Thank you, Mr. Laframboise.

[English]

Mr. Masse.

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

Thank you, Mr. Beatty, for the comment. I want to confirm, then, that this is a difference that you've changed in writing Canadian customers, because I wrote Mr. Tomihara on November 25, asking for that same commitment, and I received a letter back from Toyota on December 1, saying that would not happen, that you would not be providing that. And you listed off the vehicles and what you're doing with Transport Canada, but you are confirming that every Canadian who has purchased a vehicle is now receiving a letter.

Mr. Stephen Beatty: Those are two different issues.

If I may, what we indicated was two things. We would do a general advisory to our customers, which we're doing in waves. With respect to people who have affected vehicles, every one of those customers has already received a letter from us.

Mr. Brian Masse: That's different from what I received.

I want to move on to Mr. Inaba. Thank you for coming here.

As Canadians, sometimes we seem to be very courteous and don't have the same type of push that Americans might have and other nations, but I do want to make sure we're clear on where decisions are being made for Canadians.

One of the things I've been a little bit troubled by is that Mr. Toyoda has not apologized to Canadians. He has appeared in the United States, apologizing, and also offered his sincere apologies to the Chinese—going to China not upon request. Why has Mr. Toyoda not come to Canada, or issued an apology statement, especially seeing the Chinese market only has 75,000 vehicles on recall? Canada has hundreds of thousands; there's one-fifth in China compared to ours here. And also, which I think is really important, we're equal percentage-wise—or very close—to the American market.

Mr. Yoshi Inaba: The message I wanted to deliver is not only to American customers, but also all our customers worldwide, so that his apology goes everywhere. Although he visited China right after the United States, of course he wished that he could visit many more countries, but because of his limited time he could not do so. But I think it really applies to any customers in the world, and that includes Canada, and any customer is as important as anybody.

• (0940)

Mr. Brian Masse: I'd like to move on to his testimony in the United States just to get a clear understanding, because today we've heard that general managers make the decisions on recalls, but in his testimony on February 24 at the U.S. House of Representatives Committee On Oversight and Government Reform, Mr. Toyoda stated, and I quote:

Up to now, any decisions on conducting recalls have been made by the Customer Quality Engineering Division at Toyota Motor Corporation in Japan. This division confirms whether there are technical problems and makes a decision on the necessity of a recall.

This was also backed up by Mr. Lentz, who was actually testifying at another committee, and once again said that Toyota Japan makes decisions on recalls. That seems counter, though, to what you've just mentioned in terms of general managers.

Mr. Yoshi Inaba: I didn't have a chance to explain. Going forward, we are making a great many changes in our processes, and one of them is that Mr. Toyoda himself initiated this approach of a global quality committee, which has been formed in Japan, and there is always a North American member there. But also to the recalls, specific to your question, we have changed our format for the decision-making process on recalls. It used to be that it was strictly done in Japan alone, and by the Japanese alone. Now we are forming a committee that consists of four different regions. One is North America, one is Japan, one is Europe, one is China. So there will be North American representation in the decision process for recalls from now on. It is now in the process of being formed; in a matter of two weeks or so we will start this process.

Mr. Brian Masse: So for all the Canadian current recalls, at some point in time the decision about the timing of that recall and if it would happen did take place, though, in Japan.

Mr. Yoshi Inaba: That's right.

Mr. Brian Masse: And then the new system comes into play in the next few weeks. So we will be further integrated, then, with the American system for recall if it's North American.

Mr. Yoshi Inaba: Absolutely. I would also make sure that it will happen.

Mr. Brian Masse: Okay.

Mr. Yoichi Tomihara: I want to comment that because Canada has quite unique road conditions and environment, especially cold temperatures, Toyota Canada also really influenced TMC a lot this year on recalls. This is not simply just an instruction from TMC about the recalls. We have full consultation and full influence, I want to add.

Mr. Brian Masse: And that's fair. I just wanted, though, to confirm where the final decision-making process was taking place. I of course would assume that there would be quite a bit of input here.

I know that there's the six-point plan that's come through that's been mentioned. Americans under the current system right now are going to get a quality centre for excellence and research with new postings, and Americans are going to also have their Toyota vehicle picked up and have a replacement vehicle, as the U.S. Attorney in New York State negotiated and Mr. Toyoda stated at congressional hearings.

Is there a Canadian equivalency to this that is taking place? If not, why not? If there is, when is it going to take place?

Mr. Yoshi Inaba: I'd like to have Mr. Beatty answer that question.

Mr. Stephen Beatty: Thank you.

I think it's important to understand that one of the differences in customer handling obviously comes down to policies operated between Toyota Canada and Toyota Motor Sales in the United

States. Every new vehicle in Canada is sold with roadside assistance. These are late model vehicles, so in general all of our vehicles that were affected by the recall were also covered by the provision that would allow for free towing of vehicles to our dealerships.

On top of that, the moment that the sticky pedal recall was announced, we gave our dealers an interim inspection procedure, which was something unique to the Canadian marketplace, and provided them with authority from Toyota Canada to take customers out of any vehicle where there was any concern about the safety of the vehicle or sticking of the pedal and put them in a rental vehicle. Those policies actually were in place across Canada prior to in the U. S.

• (0945)

Mr. Brian Masse: Yes, but the decision about that, then, is with the dealership, not the customer.

Mr. Stephen Beatty: The roadside assistance belongs to the customer, so the call to roadside assistance is what gets the car in. The decision with respect to the vehicle was, right from the outset, if the customer has concern, get them out of the vehicle and put them in a rental car until we can address the pedal. Once the pedal is addressed, then they're back in their car.

The Chair: Thank you, Mr. Masse.

Mr. Watson.

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair.

Thank you, of course, to our witnesses for appearing here today.

Mr. Beatty, you gave testimony earlier that you discovered the sticky gas pedal issue in late October, and ultimately you had to submit a report to Toyota Motor Corporation for review and ultimately a recall was issued January 21. According to Transport Canada you had a meeting with Transport Canada officials, or Toyota did, on November 25, 2009, regarding the floor mat issue. You didn't mention at that time there could be an alternate problem that you were investigating?

Mr. Stephen Beatty: No. It's typical that in any discussions with Transport Canada we're focused on the specific agenda item at the time, as opposed to going into any of the other technical issues we're investigating at that point. In retrospect, would it have been good to have a dialogue about it? Maybe it would. But we didn't at that time know that we had a defect in the car. What we had was an issue we were investigating.

Mr. Jeff Watson: So you weren't able to confirm a sticky gas pedal until you issued the recall on January 21, is that correct?

Mr. Stephen Beatty: Right. Just to clarify the situation, as Toyota Canada, my responsibility is to issue a recall notice the moment I become aware of a defect—

Mr. Jeff Watson: I'm aware of that. I asked whether you had a—

Mr. Stephen Beatty: So that's what I'm saying—

Mr. Jeff Watson: —permit until the 21st.

Mr. Stephen Beatty: Once we have identified a problem, we send it to Japan for review by engineering. They come back to us with their report. As soon as we have that, we trigger.

Mr. Jeff Watson: Okay. You have two suppliers for your gas pedal. One is Denso, the other is CTS Corporation, correct?

Mr. Stephen Beatty: Yes.

Mr. Jeff Watson: CTS manufactures in Ms. Crombie's riding, actually, in Mississauga.

When did you begin discussions with CTS Corporation over a redesign of the faulty gas pedal for a new one? Was that before the recall was issued, or after?

Mr. Stephen Beatty: To go to that, CTS also is engaged in supplying gas pedals in other parts of the world, and there had been an issue with respect to certain pedals in use in Europe in right-hand-drive vehicles. In that case, once we discovered that there were some common conditions, engineering began discussion: one, was there a problem, and did you identify it; and two, how do you go about engineering a solution to it? We were able to work with some existing engineering solutions as well as develop new ones.

In terms of the precise date of the first discussion with CTS, I can't confirm that for you today, but I would be happy to reply on that.

Mr. Jeff Watson: Well, I would expect you would know what Canadian operations are doing with the supplier around a critical recall issue. Can you at least tell me generally whether that was before you issued the recall, or was that after you issued the recall on January 21?

Mr. Stephen Beatty: Again, from a Toyota Canada standpoint, we're responsible for the vehicle. The discussions with CTS would have taken place with engineering on the manufacturing side of the business, and Toyota Canada is not part of that structure.

Mr. Jeff Watson: Okay. The *Financial Post*, on January 29, suggested that Toyota had been working with CTS to redesign the faulty pedal since Toyota shut down North American production on January 26. Can anybody confirm whether that's when this in fact happened?

Mr. Ray Tanguay: We do purchase those pedals. We have two manufacturers, CTS and Denso, and I use both. For the Corolla and the Matrix and the RAV4 we use CTS, and the quality we receive from CTS is very, very high. From a manufacturing point of view, there are no issues. In terms of the design, it was recognized that there could have been some issues, especially with the environmental conditions that affect the gas pedal.

Mr. Jeff Watson: I'm interested in when you actually approached them about redesigning the pedal. I'm trying to confirm a timeline here.

Mr. Ray Tanguay: The issue is that CTS has a responsibility for the design, so they would have dealt directly with Japan regarding design issues. As soon as we found out.... I think we found out around the end of the year and then we made the conversion as quickly as possible.

● (0950)

Mr. Jeff Watson: So you knew before you issued the recall. You began discussion about redesigning a faulty gas pedal, but nobody told Transport Canada.

Mr. Ray Tanguay: Because at the time the number of cases was still very, very low.

Mr. Jeff Watson: You have a serious safety problem. You're already talking with your supplier about redesigning a faulty gas pedal, and nobody told Transport Canada, or NHTSA for that matter, until after a recall was issued on January 21. That's what you're telling us.

Mr. Ray Tanguay: Obviously when you have a problem with any component, first of all you try to find out what the problem is. Then the second point is—

Mr. Jeff Watson: You already know you have a problem. You talked to the supplier about redesigning it.

Mr. Ray Tanguay: Let me finish. If you have a counter-measure, you have to make sure the counter-measure is effective. To have a problem and create another problem is not going to be a solution. We have to ensure that the testing is proper and we are confident that the counter-measures will be effective. That's the process.

Mr. Jeff Watson: Let me suggest this much. You had Transport Canada and others looking at a floor mat issue when you knew you had a gas pedal issue. You were already talking to your supplier about changes to a gas pedal, so you knew you had an issue. Now, maybe they didn't confirm it in an engineering report, but this was all prior to January 21. You had not told the regulator. You hadn't told consumers that you were already engaged in this. It takes an enormous amount of time to ramp up production on a part. I have worked in the auto industry, and I know it takes a while. This was all occurring, but you were telling nobody about it. You were just talking with your supplier.

Mr. Stephen Beatty: Mr. Chairman, when you attempt to isolate or identify a problem you go back to the parts maker, particularly if there is patented technology involved, and you work with their engineers in attempting to isolate it. So the issue of identifying the problem and any potential engineering solution go hand in hand.

The other thing I want to stress is that the types of conditions a customer might experience from pedal entrapment are very, very different from the types of conditions we're talking about with sticky pedal. What we're talking about with sticky pedal—

Mr. Jeff Watson: You never had an issue with pedal entrapment in a Canadian context. You've already told us that. But you issued a recall anyway. Was that a smokescreen, Mr. Beatty?

Mr. Stephen Beatty: No. In fact as I mentioned, even in my own presentation, there was a specific Canadian issue with one floor mat that was produced for the Toyota Venza, and we initiated our own unique Canadian recall.

Mr. Jeff Watson: Because Transport Canada insisted.

Mr. Stephen Beatty: No. That was an issue we were investigating and took action on as Toyota Canada.

Mr. Jeff Watson: Thank you, Mr. Chair.

The Chair: Mr. Volpe.

Hon. Joseph Volpe: I will be sharing my time, Mr. Chairman.

Mr. Inaba, I asked you whether you had a corporate definition for “safety-related defects”. Mr. Beatty has given us an indication that you don't because you need to be able to get the information you don't have.

However, from 2000 to 2009 the complaints to NHTSA regarding unintended acceleration went from 48 to 660 on an annual basis. The documents I referred to from Transport Canada indicated that there had been such complaints from as early as 2000. Contrary to what Mr. Beatty says, there were about 125 complaints specific to that issue.

I am having difficulty understanding on what basis you made these decisions about recalls that are not recalls, at least on the basis of the documentation I have with me.

I'm going to ask Mr. Garneau to fill that in, please.

Mr. Marc Garneau (Westmount—Ville-Marie, Lib.): Thank you, Mr. Chair.

I think it's true to say that Toyota has enjoyed a world-class brand reputation, at least until very recently, and most would say it's well deserved. I have to say that I was the proud owner of a Camry for 11 years.

I'm also an engineer, and I know that you have to be vigilant when you design, build, or repair an automobile that can be a dangerous vehicle. I'd like to refer to the statistics that my colleague Mr. Volpe just raised—the NHTSA ones that talk about 48 complaints of unintended acceleration in 2000. That number crept up to 660 by 2009.

It disturbs me to see the number go up so high. You mentioned that they're really talking about 17 different classes of accelerator-related issues. I'd like to point to some of the testimony that was provided in some of the complaints here in Canada.

One in April 2004 described the brake pedal as feeling stuck. Another complaint in May 2004 said the complainant had experienced several sudden acceleration and engine-runaway incidents. As you pointed out, that might not have been due to the accelerator pedal; it might have been the engine suddenly revving for unexplained reasons. Obviously whether that was the accelerator pedal, actual acceleration, or not, any time an unexpected event of that kind occurs it's a startling event for the driver and can actually increase the chances of an accident.

In January 2005 the complainant said they pushed the accelerator to the floor but the accelerator did not come back. In June 2005 the complainant said he lifted his foot from the accelerator but the vehicle continued to accelerate. In all of those cases the complainant brought the vehicle to the garage. The garage looked at it and could not find a problem. It basically stopped at that point.

That information and those statistics seem to paint a picture of a problem or problems that remain unaddressed. We're talking about accelerator pedals here. Obviously we all realize how dangerous that can be. It suggests that perhaps recalls should have occurred that were not occurring. It suggests that problems that were being reported were not being solved over a very long period of time. We're talking about nine years in these NHTSA statistics. It suggests

the possibility that information that should have been shared with the public was not necessarily being shared.

I know you've provided some explanations here, but how are you dealing with that perception that appears to have taken hold today? Specifically, can you guarantee that the problems associated with the floor mat and the accelerator pedal that you did report have now been solved?

● (0955)

Mr. Stephen Beatty: Thank you, Mr. Chairman.

I'd like to answer the last question first by saying we have 100% confidence in the remedies we've put in place with respect to both the floor mats and the pedal assembly. Again, I'd be happy, either during the committee or later, to take members through what exactly those remedies are, just by way of demonstration.

It's also important to go back in time and look at the NHTSA database, as you and your colleagues have done, but also to compare it to that of Transport Canada. One of the significant differences between the United States and Canada is that the NHTSA database is based on a customer questionnaire. It is not based on a set of verified incidents. It is simply reporting onto their website. By contrast, what you've received from Transport Canada is a significantly different quality of data. Transport looks into those complaints and attempts to verify what has been going on. In many cases those complaints come nowhere near the manufacturer but are handled by Transport Canada investigators.

During the period you talked about, early in the decade, typically the vehicles, particularly in our lineup, that would have been affected had mechanical throttle assemblies. Historically, for the automobile, where you had those throttle cables and mechanical linkages, you tended to get binding and seizing of the system. That is a well-known mechanical defect in the system. In fact, here in Canada, with the salt conditions and other climatic conditions that we have in place, perhaps the problem is potentially worse with those mechanical linkages. The movement to electronic throttle control eliminates those mechanical linkages and takes that problem away.

When I look at the NHTSA database, roughly 40% of all of the recalls in the United States for unintended acceleration—and I'm seeing 12 manufacturers affected by that—involved cable-binding incidents. As I said, when we move to the new technologies, that goes away.

We have looked at our own warranty data. We've given it to a third-party engineering firm to look at Toyota Canada warranty data. Our warranties do not show any problems that have occurred as a result of moving to the electronic throttle control. So we're very confident in that new technology for solving that particular issue.

● (1000)

The Chair: Thank you.

Monsieur Gaudet.

[Translation]

Mr. Roger Gaudet (Montcalm, BQ): Thank you, Mr. Chairman.

Mr. Beatty, a little earlier, Mr. Watson put a question to you concerning the November 2009 meeting with Transport Canada which dealt with the floor mats. He asked you whether the accelerator issue should have been discussed or not and you answered that you did not know.

For his part, Mr. Lehoullier from Transport Canada said that he was very surprised not to have heard about this problem, as you had already received five complaints in Canada and five other ones in the United States.

Why did you wait so long and jeopardize the safety of Quebecers and Canadians? Why did you wait so long before alerting Transport Canada?

[English]

Mr. Stephen Beatty: I don't believe we had five complaints at the time of the meeting with Transport Canada. I can check the record regarding the sequence of notification to us.

What I was saying was that at the time that we wrapped up our discussion with Transport Canada on floor mats, I was aware of one reported complaint, and we were taking action based on that reported complaint to understand if there was a problem.

[Translation]

Mr. Roger Gaudet: Yet there had only been one complaint. How many complaints do you have to get before you warn Transport Canada? What is your procedure when you receive a complaint? Do you send this directly to Japan or to Transport Canada, or to your manufacturer? I do not know.

I see here that it is important to know that a complaint is not the same thing as a defect that has been flagged. If I go to the garage and if the mechanic only bolts in one screw on my tire rather than all four, that is a problem that he can solve.

What is the difference between a complaint and a measure? If I go by what you said during your presentation, a complaint can be acted upon and things can be corrected, but a measure cannot be corrected.

[English]

Mr. Stephen Beatty: If you take your car into the dealership for servicing, and they're not able to fix whatever you're complaining of, whatever you experienced, they will try to identify it and make adjustments to the car to take that problem away. In some cases they're not able to identify what the problem is, or even if there is a problem. They escalate it to the technicians at Toyota Canada. Our own technicians go on site to attempt to understand what, if any, issue exists. If there's something we don't understand, we issue a technical report, which moves through to quality control in Japan. Engineering then looks hard at these issues and says, "Look, under normal circumstances, if we had a problem, we would be able to deal with this in the service shop. There's something here we can't explain. So please investigate and get back to us as quickly as possible to determine if there's a problem, and then we will act." But, again, until you know what it is, it's impossible to take action.

[Translation]

Mr. Roger Gaudet: I understand your viewpoint, but the truth is that it took you five months to advise Transport Canada. Rather than

going to Japan, you could have gone to see your manufacturers here. They might have been able to give you the answer.

Why did you go to Japan without alerting Transport Canada to the problem? You knew that there was an accelerator problem but you advised the department five months later even though safety was at stake. That is where the problem lies.

Mr. Tanguay, who is here, is your manufacturer. And yet you went to Japan rather than going to see him. I'm having trouble understanding all of this.

[English]

Mr. Stephen Beatty: To be clear, although Mr. Tanguay joins us at the table and is responsible for manufacturing at plants here in Ontario, my manufacturer is Toyota Motor Corporation in Japan. I buy all of my vehicles from Toyota Motor Corporation. That is the line of technical responsibility between Toyota Canada and Toyota Motor Corporation. When I have a technical issue, we turn to the global engineering teams whose responsibility it is to look at these.

As I said, the only difference between us is this. A complaint may be resolved in many different ways. We may ultimately, after investigation, discover that nothing happened and that it was just a misunderstanding; until we know, we can't put a solution in the marketplace, and the reason we don't want to put a solution in the marketplace is we may end up doing more damage than actually correcting a problem.

That said, again, I have no problem with complaints reporting. If that's what the Parliament of Canada wants to do, that's perfectly appropriate, but we operate within a system in Canada that requires defect notification from the manufacturer, not complaints notification. By the same token, not all the complaints that are issued to Transport Canada come back to the manufacturer. I think you may be hitting on an important issue, which is that better communication in both directions can be of assistance generally with road safety.

● (1005)

[Translation]

The Chair: Thank you, Mr. Gaudet.

[English]

Go ahead, Mr. Braid.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you, Mr. Chair.

Thank you very much to our officials from Toyota Canada and Toyota Motor Corporation for appearing before us today.

I would like to begin by continuing to focus on the situation with respect to the sticky pedal. Perhaps my questions will primarily directed toward you, Mr. Beatty. To start off, could you please explain exactly when and exactly how you pinpointed the causes of the sticky pedal problem?

Mr. Stephen Beatty: Mr. Chairman, to be clear about this, the basis for action in Canada came from a field report of a problem with a vehicle. That came to our attention in late October. On that basis, we did what we do with all of the field technical situations that we cannot address in the field: we put those back to quality control in Japan for further investigation and resolution.

Mr. Peter Braid: Okay.

From that point, please walk us through the steps that you took and the timeline involved to resolve the sticky pedal situation.

Mr. Stephen Beatty: As usual, what happens is an interim process. As we get more reports from the field that seem to match the same description, those are added to the reports that are sent to Japan. Each time one of those is triggered, that data is then put back through the system to engineering.

Engineering itself begins to look at the process. Typically where a part is developed with an outside supplier, they'll work with quality control at that supplier to try to understand what the problem is and replicate the condition. That replication was subsequently done. I can't give you a precise date for that, but I'm sure we can supply that to you later if that's necessary.

They look to then identify not only that they have identified one situation where it occurs but they've identified the only case where it occurs. They've put it through multiple testing in order to try to determine whether or not they've isolated the cause. In this case, they were able to identify a condition of both wear and condensation. As that happens, you then have to go about trying to engineer a solution to it. You can't trigger a response without being able to know that you have an engineering solution to the problem you've identified as well.

In that process, pedals are cut apart. They are subjected to various types of engineering treatment to try to determine whether you've fixed the problem and they are tested under more extreme conditions than you would normally encounter in the marketplace—hundreds of thousands of cycles on a machine in exposure to high condensation, high moisture conditions to ensure that not only can you not reproduce the condition immediately after you've made the pedal adjustment but that it goes through what amounts to many years of hard, in-service use. We have to replicate that in a lab. Obviously we can't have 15 years worth of experience on it because there wasn't 15 years of experience between the first report and the time we were able to take a recall.

Once we've identified the problem, once we think we have a solution in development, we still can't take that solution to Transport Canada until we're convinced that it's something we can deploy into the marketplace. So we trigger a recall, and in some cases in the industry we trigger a recall many months before there's a solution to the problem. In this case, because of the technical issues related to trying to pinpoint the problem, the engineering was basically running on a parallel track. So there was about a week time lag between the time we were able to speak to Transport Canada and say we'll issue the recall, and the time we came back to them with support from engineering to say we believe this is a viable response to the problem and it will fix the problem.

•(1010)

Mr. Peter Braid: The reports came from the field somewhere in Canada, I presume. What process do you have in place to share and exchange information with your counterparts in the U.S. and understand the owner experience there, given that 70% of your cars are exported?

Mr. Stephen Beatty: The same customer quality groups are responsible for the United States and Canada. The vehicle data in

essence is merged as we move to that step. There are unique road conditions in Canada that will give rise to unique Canadian problems. So we first try to isolate those to determine whether there's something that is so unique to Canadian operating conditions that it isn't what is causing the problem. In general, all of that engineering data is merged and is looked at together. In fact in respect of sticky pedal, my understanding is that you had a similar number of complaints in the United States at the same time. The process was tracking together for both Canada and the U.S.

The Chair: Thank you, Mr. Braid.

Just before I go to Mr. Volpe, Mr. Beatty, in your opening comments, on page four, your statement reads, "that in the event of a malfunction shuts down the engine speed". You used the word "reduce" instead. I'm just wondering, do I read it as it reduces, or it actually shuts it right off?

Mr. Stephen Beatty: No, it will never shut it off. It takes it back toward idle, just to be clear.

The Chair: That's fine. I just wanted to be clear on that.

Mr. Volpe.

Hon. Joseph Volpe: Mr. Chair, I'm still disturbed by the fact that we don't have a common safety-related defects definition, and I'm even more perturbed by the fact that Mr. Beatty keeps talking about things that can be explained away when he is telling us that the engineering is taking place in Japan.

I wonder if we could go to Mr. McTeague.

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Thank you, Chair.

Arigato gozaimasu.

It's good to see you here today. Thank you for being here.

I will go very quickly to a series of four questions. I believe my colleague Bonnie Crombie has the remaining questions.

In very quick and short order, how far back does the electronic throttle control fix go? What models are we talking about, and what years? That's the first question. Each of the panellists can answer later, if you wish.

We have a discrepancy in the number that you furnished, Mr. Beatty, with respect to the number of people, 17, who have complained, and it has been raised by Transport Canada. Transport Canada has 125. I appreciate the fact that those may be over several years.

I'd like to know whether the fix that you have provided has seen a response by Toyota owners corresponding to what we see in the United States, which is that on cars that have been repaired, complaints of about 60% continue to demonstrate a persistence in the problem.

Finally, could I also ask the extent to which your company is involved in lawsuits relative to these complaints? Could you give us an actual specific number?

Arigato gozaimasu.

Mr. Stephen Beatty: Thank you. I'll try to remember all the questions.

With respect to lawsuits, as you know, when it comes to class action, class action needs to be certified. I'm not aware that there are any certified class actions in Canada at this point. We've heard, obviously, from a number of parties about the possibility, but at this stage I'm not aware of certified actions.

With respect to the number of complaints, if you go back to last Thursday, Transport Canada was talking about 17 complaints from 2006 to September 1. They then also supplied you with data for complaints that have come in since September 1, basically for the time period that coincides with publicity around campaign recall, specifically in the United States.

One of the things we know is that for any type of recall, no matter what it is, publicity increases the number of complaints that come in. In some of those complaints, they are going back in time to say that now that they think about it, this case some years ago may have been related to it. The difficulty with a report going back in history is that there may be no evidence anymore of the vehicle, let alone what was taking place in the vehicle at that time, so some of those may remain unresolved.

I'm afraid I've forgotten....

• (1015)

Hon. Dan McTeague: It was just a question of persistence. Of those that have been fixed, have customers returned to complain that the problem has not been fixed?

Mr. Stephen Beatty: I'm aware of one case in Canada in which a customer came back to us and said, after the pedal remedy, that they had the same problem that they had reported to us beforehand. We sent a technician and engineer on site, and what we discovered was that the customer had been looking at the vehicle tachometer and had been reporting, both before and after the pedal, a normal operating condition, which was fast idle on cold-weather startup of the vehicle, so in fact it wasn't an issue related to the pedal; it was an issue related to the management of the engine itself, which was a normal operating condition.

Hon. Dan McTeague: Mr. Beatty, before I turn this over to Ms. Crombie, are you absolutely convinced that the structure of Toyota Canada reporting to Nagoya or to Toyota City or to Torrance is sufficient to give Canadians a modicum of protection consistent with the integrity of your company?

Mr. Stephen Beatty: Absolutely.

Here are two things that need to be understood. One is that a basic operating principle of Toyota Motor Corporation—and it's given to all of its executives on a worldwide basis—is, "Obey the laws of the country in which you operate". First and foremost, we not only have teams inside Toyota Canada that are responsible for identifying problems in the marketplace, but we also have full confidence in our manufacturer to do the engineering to follow up.

The Chair: Go ahead, Mr. Wallace.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chairman.

Arigato gozaimasu.

I'm a 2009 Corolla owner, so I actually have a recall notice. I want to be clear that I deal with Burlington Toyota, and they've been excellent to deal with. I have a lot of confidence in the Scherle family, who run the business there, but when the rubber hits the road, I want to understand from a consumer point of view, because I am one.

With reference to the floor-mat issue, which was in the fall, my Corolla did not get a recall on those floor mats because those floor mats were not involved in that issue. Is that an accurate statement?

Mr. Stephen Beatty: That's right.

Mr. Mike Wallace: I have no idea about the letter Mr. Masse was referring to earlier because I haven't seen it, but do you know if you were referring to the floor-mat issue that you sent Mr. Masse the letter on or...?

Mr. Stephen Beatty: That's the issue. The reply at time was that we'd do two things. We'd obviously communicate with affected vehicle owners, and more broadly we'd engage in public information activities to explain what this was all about.

Mr. Mike Wallace: Since my wife and my two teenage daughters drive that car, they are safe because the floor mat in Canada is different from the floor mat south of the border. Is that correct?

Mr. Stephen Beatty: That's right.

Mr. Mike Wallace: Now my problem is the pedal. We haven't taken it in yet, so we're not part of the 60% that are done. But we do have an appointment on Thursday.

As a Toyota consumer I want to know what your reaction was and what I should have expected. What did you do in terms of letters and so on? Would you do anything differently?

Mr. Stephen Beatty: I think several things came out of this. First, I should have started the public information campaign around the pedal several days earlier when the first recall message was sent to Transport Canada.

The issue of the sticky pedal is technical in nature. It's hard to see inside the pedal so it's difficult to actually display to the media. I have a cutaway of the pedal here that I will pass around to members of the committee. Basically this represents the pedal inside your car. This is the foot pad, and it is basically a lever.

We are making a simple adjustment inside the pedal to reduce the force of the friction assembly operating against the pedal. It's 100% effective. When you see the way it operates you'll understand very clearly how that system functions. However, in looking at the pedal itself it was very difficult for the public to understand what that meant. More importantly, it was becoming confused with issues of runaway cars, which is not something that the sticky pedal causes.

●(1020)

Mr. Mike Wallace: Mr. Beatty, before I pass any time I have left to Ms. Brown, do you think you could have been a little more proactive about letting us know? Is that what you're telling us?

Mr. Stephen Beatty: Absolutely.

Mr. Mike Wallace: Thank you.

If I have any time left I'd like to share it with Ms. Brown.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you, Mr. Chairman.

Thank you, gentlemen, for being here this morning.

There are a couple of things I'm interested in. First of all, Mr. Beatty, you talked about your early detection, early response system. Could you talk to the committee about the system you have in place for sharing information or complaints within your corporation?

If I were to take my car into a dealership and have them do work on it, is that information automatically shared with the corporation? How many of those indicators does it take to trigger the response, "We have a problem"?

What kinds of variables do you look at? I'm sure there are as many variables in these situations as there are drivers of cars. How many variables do you look at before you recognize that there's a challenge?

That's kind of in the past, but into the future, you said in one of your recommendations that policy should be developed to require and promote continued driver education—part of those variables I'm talking about. Given that I'm sure you want to have a continuing relationship with your consumers, should this be the responsibility of the dealership, or should it be mandated by Transport Canada?

Mr. Stephen Beatty: I think the answer to the last question is both.

We're increasingly doing second delivery nights with our vehicle owners to explain the technologies to them. We're finding that in the course of the normal sales process and delivery of a vehicle, it is not possible to cover all those new technologies, in part because customers want to get into their new cars and drive them away from the showroom when they've just purchased them. We are inviting them back to try to explain some of those other systems and to do some of the customization we can now do with on-board systems.

With respect to the Transport Canada role in this, or indeed the role of the provinces, in part, the new technologies coming into play in our vehicles, such as the electronic throttle control, are there because of regulatory requirements. Electronic throttle control, for example, is essential for vehicle stability systems. It is important for meeting emission and fuel economy targets in the vehicles. To the extent that the industry, as a whole, is being mandated to bring those technologies forward, it would be helpful if we had a joint or collective responsibility to communicate with the public about how those systems operate.

In terms of our early detection, early resolution process, there is a fairly detailed presentation in the binder that covers that. Let me say that Toyota Canada was the first Toyota company anywhere in the world to have the type of data-sharing agreement we have in place. It

allows every customer repair order to flow through our computer at Toyota Canada so that we can query that database. On top of that, we have a separate system that looks for unusual patterns of warranty repair and triggers automatic reports on them.

Wherever there is something unusual going on, based on the first report we get from the field, we are able to reach down and look at what's happening across Canada and identify whether something unusual is happening. If we can't explain it, we send it back to the quality engineers to understand: Is there a problem, or frankly, are we misunderstanding something? Because that can happen too.

The Chair: Thank you.

We'll go to Mrs. Crombie.

Mrs. Bonnie Crombie (Mississauga—Streetsville, Lib.): *Ohayo gozaimasu.* I hope I said that correctly. Welcome to our guests.

I just want to start with the brake override system. I do not know who this will be addressed to. Maybe it will be to Mr. Beatty.

Would the installation of a brake override system mean that if a driver experiences a sudden acceleration event, using that brake would stop the vehicle?

Mr. Stephen Beatty: It depends on what the sudden acceleration event is.

Sudden acceleration, as I said, can be broken down into a number of factors, some of which are as simple as pedal misapplication.

What brake override software will do is ensure that if your pedal is being pressed—for example, if it's underneath the floor mat—and you then press your foot on the brake, the engine speed will return to near-idle or idle, and that will calm the over-rev situation in the cabin of the vehicle.

The purpose of the ride-and-drive demonstrations we've put on over the past few weeks was to show that even without brake override software, the brakes in a car are designed to overpower the engine. You will stop in either fashion, but the brake override system gives you the added confidence that the engine is going to return to that near-idle position, and it reduces the amount of noise inside the cockpit of the car, which we think is critical, given the sort of high stress condition—

●(1025)

Mrs. Bonnie Crombie: What would be the cost, Mr. Beatty, of implementing the override system? And do you think the cost would be worth it, given that it would help give that additional confidence to restore faith and give drivers that sense of security?

Mr. Stephen Beatty: I can't answer the question with respect to what the total cost would be. This is being conducted as part of a campaign by us, so the costs to Toyota Canada are passed on to Toyota Motor Corporation.

Suffice it to say that the very fact that we are moving on a voluntary basis to roll out more and more reprogramming or reflashing of brake override exactly demonstrates that we believe it is important for us to put that system into our cars.

Mrs. Bonnie Crombie: Thank you.

Mr. Inaba, I think this is perhaps for you. Toyota is a global company, a global brand, with a sterling reputation that consumers trust. This is a little glitch today, but I am confident that you'll overcome it.

I want to talk just briefly about your designs and engineering and whether they're consistent universally or whether there are design modifications for different markets.

Mr. Yoshi Inaba: Of course, our products for different kinds of markets always have different features so that our products best fit the market conditions.

At the same time, as you kindly pointed out, our reputation is in a glitch. That is why Mr. Akio Toyoda really initiated his approach to form a special committee for global quality to go and check each and every process of quality assurance in our system so that we can ensure that we can restore the confidence of our customers.

Mrs. Bonnie Crombie: Thank you, Mr. Inaba, very much.

Where are the designs approved? In Japan, I suppose. And the accelerator pedal as well? Would those designs, those specifications, be approved in Japan?

Mr. Yoshi Inaba: Well, it is in transition. I think what we are going to do, as more and more vehicles are produced in North America, in Canada and the U.S. and somewhat in Mexico, I think we are also moving to increase our ability to develop the vehicles—in your terms—design and development more in North America so that we can be much more in tune with the local need.

Mrs. Bonnie Crombie: Thank you, Mr. Inaba, again.

You have 78 suppliers in Canada, and Mr. Watson has referred earlier to CTS as one of your suppliers. Did CTS satisfy your manufacturing criteria and specifications? Are they in full compliance, and are you satisfied with CTS?

Mr. Ray Tanguay: Yes, CTS met our requirements, so we gave them a specification and they had the responsibility to design this whole unit as an entity. It met all the specifications. Where it failed is because of the environmental factors the gas pedal was subjected to. For us, it satisfied our need. As a matter of fact, when we evaluated the CTS design versus Denso, we were highly confident that they had introduced many good features at CTS.

Mrs. Bonnie Crombie: Why weren't those factors taken into consideration?

Mr. Ray Tanguay: Those factors were very much taken into consideration. What we couldn't find is the impact on the environmental factors that affected some of the plastic components inside the gas pedal. That's why we could not detect it. So when we did the bench test that didn't show. With all the reliability tests it didn't show. Only after some of the vehicles were subjected to the field did we then find a few of these incidents.

Mrs. Bonnie Crombie: Have you ever considered legal action against the company?

Mr. Ray Tanguay: Basically, like in manufacturing, for example, we analyze all the warranty data, and those defects over here were so small in sample they really didn't show up in our radar chart. It was not so visible. As soon as they found out in the field that there were actually some actual design failures, that's where everything got activated with the design in Japan, and that's where the case was sent to Japan for investigation.

The Chair: Thank you very much.

Monsieur Laframboise.

[Translation]

Mr. Mario Laframboise: Thank you very much, Mr. Chairman.

First of all, I would like to get back to what you said, Mr. Beatty. You stated that you were not obliged to report complaints, but you were obliged to report defects. It took five months for the complaints to become a defect. I consider that there is a problem with that. The Transport Canada representatives were very surprised that they had not received a notice. You had received five complaints before noting this and before conducting your analyses. You explained to us that you had experts who needed to meet, that you had to send this to Japan and that you tried to find the problem, but during five months, your vehicles were circulating on our roads, endangering their owners and the owners of other vehicles. Indeed, a runaway vehicle does not only cause problems for its owner, it causes other problems because it can hit other vehicles on the road.

Mr. Beatty, we have not yet had time to talk about your recommendations, but you stated that we should increase the budgets of Transport Canada. I agree with you, but you don't say that you should inform Transport Canada of complaints as soon as they are filed with you. I think that that is a serious deficiency. We are entitled to expect that Transport Canada have the staff it needs to do its work, but also that the department be informed of all the complaints you get as soon as you get them. Do you agree with me?

● (1030)

[English]

Mr. Yoichi Tomihara: Just before Stephen speaks, I want to correct some information. The first information we had as a complaint on sticky pedals was at the end of October. The factory announced the recall at the end of January. So this is four months. As you may know, this sticky pedal issue is not a typical perception of runaway vehicles. This is really a sticky pedal issue occurring very occasionally and not occurring suddenly. We have to repeat many times, once you brake, the car is stopped. Just as a matter of perception, I wanted to make this clear.

Thank you.

[Translation]

Mr. Mario Laframboise: Mr. Tomihara, I would like to take the opportunity to ask you whether you agree with me. Should you have advised Transport Canada as soon as you received complaints concerning overspeeding runaway vehicles because of accelerator problems? Do you think you should have advised Transport Canada immediately and sent the complaint to them, so that they could follow up on it? You want the safety of citizens to be guaranteed. Do you agree with me that the complaints should have been sent immediately to Transport Canada, as soon as the first one came in?

[English]

Mr. Yoichi Tomihara: There are two different words—complaint or defect—in reporting. We have an obligation to analyze and investigate whether or not a complaint really deals with a defect, and once we find there is a defect, we have to immediately report to Transport Canada.

[Translation]

Mr. Mario Laframboise: Mr. Tomihara, you recommend that Transport Canada's budgets be increased. I agree with you, they don't have enough staff. However, you don't recommend that it be obligatory that all companies and manufacturers advise Transport Canada as soon as they receive complaints. For safety's sake, it would be important that an independent body like Transport Canada compile all of the complaints as soon as they are received, even at Toyota.

Currently, they only compile the ones they receive. I am asking you whether you agree with me. If I understand you correctly, this is going to continue, you will receive complaints, and you will do analyses, and hire other researchers. Your company is so big that it takes five months before you recognize that there is a defect. That is pretty complicated, Mr. Tomihara. We just want our citizens to be safe, quite simply. Do you agree with me? Should you not advise Transport Canada of the complaints as soon as you receive them?

[English]

Mr. Yoichi Tomihara: May I repeat that the complaints contains a lot of issues, including misuse or misapplication and some vehicular defects over the industry. So I really recommend that complaints have to be first clearly investigated and analyzed by each manufacturer. Then after we report back. Of course, it's up to the committee's discretion itself.

The Chair: Merci, Monsieur Laframboise.

Mr. Masse.

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

Mr. Inaba, I used to install brake pedals and gas pedals on the assembly line. I'm one of those people who have concerns that perhaps it may not be a physical component problem. It could be the software or it could be the chip component. I know that idea is out there for debate too, with edmunds.com offering a million dollars for a solution. It could be any of those different things. Also, you have the National Highway Traffic Safety Administration investigating this right now.

Are the chip and the software that are in the Canadian vehicles the same ones that are in the vehicles in the United States?

• (1035)

Mr. Yoshi Inaba: Absolutely.

Mr. Brian Masse: Okay, so we're not investigating over here. Ironically, Transport Canada said they were unaware of this at their hearings here, so I guess if there is going to be a problem with that component and a solution or remedy comes forth, we will have to rely on the United States for that, in our current scenario.

Mr. Yoshi Inaba: Well, I must say that it is rather much broader than the U.S. or Canada. I really think the component in principle is the same. We have sold 40 million vehicles so far worldwide with this ETCS system, and we haven't found or been given any information about something going wrong with that.

Mr. Brian Masse: I have two other quick questions before we go to Mr. Bevington. I'd just like yes or no answers.

Are we going to get an automotive centre for quality in Canada similar to the one in the United States? Yes or no.

Also, I wrote Mr. Tomihara asking that this committee be provided with information with regard to the transport committee. Are we going to get that information, yes or no? I don't want to debate it. I'd just like to know whether or not we're getting those things.

Thank you.

Mr. Stephen Beatty: There are two things. We'll share on a North American basis all of the initiatives that are outlined by Mr. Toyoda. With respect to the tabling of documents, I'm not in a position to table TMS documents, but that material was publicly tabled in the United States, so—

Mr. Brian Masse: Yes, I asked specifically if we had any Canadian equivalent, which you did not answer in the letter. I asked for the Canadian equivalent of those documents.

Mr. Stephen Beatty: I have no idea what those documents are, so I can't respond. We would generally be willing to provide you with whatever material is relevant to the work of the committee. I'm not sure what you're looking for.

Mr. Brian Masse: We're at a disadvantage. The U.S. has other information that's not being provided here.

At any rate, I'll pass the floor to Mr. Bevington. Thank you.

In regard to the centre, I need to know that as well.

Mr. Ray Tanguay: The quality centre will be regional.

Mr. Brian Masse: So, yes, Canada will get one?

Mr. Ray Tanguay: No. It will be regional. TTC in Michigan will probably be the main centre.

Mr. Brian Masse: Okay, so the answer is no, then, for Canada.

Thank you.

Mr. Dennis Bevington (Western Arctic, NDP): Mr. Beatty, you've made a recommendation here about Transport Canada. This was addressed at our last hearing last week where we saw that Transport Canada has doubled its incidents reports over the last decade, yet its staff hasn't come up at all.

At the same time, you indicate that you haven't had that relationship on this particular issue until January, but Transport Canada put out a November 26 notice entitled "Transport Canada applauds Toyota's action to protect consumers". They talk about Transport Canada having worked with Toyota Canada on this issue. I assume that if they put it out on November 26 and they've worked with you on the issue, this goes back a ways. So we've obviously had a lot of interaction with Transport Canada on this issue considerably before the official notification that took place.

Can you table with this committee all the documents showing your interaction with Transport Canada from day one on this particular subject so we can actually see how Transport Canada has interacted with you, so that we understand the nature of your particular recommendation saying that Transport Canada needs more resources, that it needs an upgrade?

Without understanding how this process has taken place between Toyota and Transport Canada, we can't really identify where the issue lies. Is it possible that you can bring that information forward and give it to this committee?

Mr. Stephen Beatty: I may be able to. It depends whether there is any privileged information in the communication, so I'll have to go back and look at that. But as I said, our general view is that we'll support the committee with whatever information we can.

Mr. Dennis Bevington: We can go in camera and deal with that information. Certainly we would appreciate that information, because quite obviously I have a concern as well with Transport Canada's resources, the number of inspectors, the rate of incidents going up and the rate of incidents moving away from major manufacturers into a whole variety of other manufacturers of automobiles across the world. That's where I see some of the issues arising. In fact, the relationship may have changed with you because of the additional work that Transport Canada takes on with many other suppliers of automobiles from around the world.

• (1040)

The Chair: Thank you, Mr. Bevington.

Mr. Lake.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Thank you, Mr. Chair, and thank you to the witnesses.

Mr. Tomihara, I have a question regarding the sticky pedal issue. I just want to hear a clear answer as to whether Toyota believes that, left unresolved, the sticky pedal represents a safety concern for those affected.

Mr. Yoichi Tomihara: Can you repeat your question on the sticky pedal issue—if left unresolved...?

Mr. Mike Lake: If it's left unresolved, does the sticky pedal represent a safety issue for someone affected?

Mr. Yoichi Tomihara: As I mentioned before, the sticky pedal issue doesn't occur suddenly; it's a rare issue, and once you brake, the car will stop safely. However, we have to really promote to all customers who did not get the sticky pedal fixed that they visit a dealer as soon as possible.

Mr. Mike Lake: Of course, for a driver—I'm just thinking about my driving experience—if I have my foot on the gas and I need to slow down suddenly for some reason, the first thing I do is take my

foot off the gas, expecting that my car is going to slow down before I put my foot on the brake. If I rear-end the guy in front of me, I would think that would represent a safety concern for my family or whoever was in my vehicle.

Mr. Stephen Beatty: So the answer to the question is yes. We've taken the step of triggering a recall under the Motor Vehicle Safety Act. As far as we're concerned, there's an issue of safety. It needs to be remedied, and we're putting that remedy in the marketplace.

Mr. Mike Lake: Okay, now in follow-up to that, based on what I've heard today in response to questions from several members of the committee, it sounds as though Toyota's basis for the timing of its reporting that initiates a recall is when Toyota has a solution to the problem, rather than when it determines there is a problem. That would be okay if the problem was with your stereo or your heated seats or something like that, but when it's a safety-related issue, it seems to me that is a significant problem.

Would Toyota acknowledge that this is more than just a communications issue, that there's an issue directly relating to the safety of Canadians? As the follow-up to that, will Toyota be reviewing its protocols and maybe changing its protocols on that basis?

Mr. Stephen Beatty: I guess there are two things. If there has been any lack of clarity about this, let me very clear about it right now. When we get a complaint or a notification of some sort of incident where there may be a safety defect, we take it very seriously and we act very quickly on it.

What I was saying, however, was that in trying to identify the solution, you not only, in this case, were trying to identify what it was but were applying various remedies to it, to say that you'd actually isolated what that problem was, that there wasn't something else hiding behind it.

That was the process of the engineering that we were doing: trying to understand that, well, we've found one thing that causes this problem, is that the only condition that's here? Because if we acted only that basis, that would have been a mistake for us and for our customers and Transport Canada.

Mr. Mike Lake: In follow-up to that, while the investigation was going on, after you determined, yes, there is an issue, we don't know what's causing it, was there ever any consideration given to issuing a recall in the interest of the safety of Canadian consumers? Obviously there would be a cost attached to that for Toyota, because you wouldn't have a solution for them right away and you would have to bridge the gap with some form of compensation in terms of a rental vehicle. Was there consideration given to that?

Mr. Yoshi Inaba: As a matter of principle, yes, that is the case. In fact, in this sticky pedal situation, although it showed before we came up with the solution, there was a stop sale. Back then, when we announced a recall, we didn't have any confirmed solutions yet. Therefore we naturally had to go into a stop sale situation, which would be a principle going forward, too.

When we find a defect, a serious defect, we have to recall it, no matter what.

The Chair: Thank you.

Mr. Dhaliwal.

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Thank you, Mr. Chair.

Ohayo gozaimasu. Welcome to the committee.

Being a professional engineer, I personally have my belief that if I have limitations in my own work, how can others believe otherwise? According to NHTSA, 400% more vehicles with electronic throttle control systems had complaints compared to manual control vehicles. It raises the eyebrows. But on top of that, Exponent, the company, acknowledges some of the limitations of their system and then later claims to have looked at all those issues. Even though, Mr. Beatty, you have said that unintended acceleration never occurred, the firm does not believe its own results are scientifically valid. How can you suggest that their work is conclusive when they do not?

The second question is, you have known about this problem for many years, and what have you done to rectify it? Have you had discussions with Transport Canada? Transport Canada has a mandate to protect Canadian consumers. What have they done, and how are they satisfied that this problem does not exist any more?

• (1045)

Mr. Stephen Beatty: Mr. Chairman, it's important to separate U.S. and Canadian data when we're busy talking about what has appeared in which set of data.

It's also important to understand that when you have an increase in certain reports of incidents, it may not be just one vehicle component that changed at that time, that there were other vehicle components that also changed.

What I was saying earlier in terms of the NHTSA database, and to a more limited degree with the Transport Canada database, is that there are many things, separate, distinct conditions, that are being reported as acceleration issues, some of which don't actually produce acceleration. For example, through much of that period, there were complaints about vehicle hesitation, but it's recorded as an acceleration-related issue.

Mr. Sukh Dhaliwal: It's not about recording. It's that the company that is responsible for their design is not conclusive in their deliberations that they are satisfied 100%. They believe there are limitations, but contrary to that, you are saying that there is no unintended acceleration. That is where I want an answer from you.

Mr. Stephen Beatty: No, that's not what I said at all. I said there are in fact cases of confirmed unintended acceleration no matter which database you go to, and that exists across the industry for things such as cable binding in vehicles. Mechanical systems inherently show wear and tear and will give rise to those kinds of conditions. It's very important that you look at the data. Vehicle technology is rolled out in phases. On what is reported into the database by way of a complaint, you have to parse the data in order to understand the specific systems in the vehicle that may be contributing to something such as vehicle hesitation, as opposed to, as we would think about with unintended acceleration, a vehicle runaway. The conditions are different. They have different engineering causes.

In respect to the 17 cases in Canada that Transport Canada spoke to the committee about last week, the ones leading up to the period

immediately before the recall, there was one specific case where you would have the type of condition you would refer to as sustained unintended acceleration. It was one of the vehicles that had a mechanical throttle assembly.

The Chair: Monsieur Laframboise.

[Translation]

Mr. Mario Laframboise: Thank you, Mr. Chairman.

I would like to go back to what you said, Mr. Beatty. You reported 17 cases to Transport Canada, that is true. However, complaints were filed directly with Toyota Canada. Your corporate culture is such that you do not make them public. You are trying to convince us today that you set up a whole series of expert committees with Japan, etc., four months before there was a recall. That is too long to wait for the safety of the population.

You talked to us about technology. It evolves so quickly that we need to see all of the complaints quickly transferred to Transport Canada, and the department has to have the necessary budgets to keep a close eye on all of this with the equipment and the technology that is needed.

That is what I would have liked to hear you say today, you and Mr. Inaba. I would have liked you to say that you understand that there has to be an independent body in Canada to ensure safety. I understand that your business will do everything it can to prevent this from happening again, but if it does, we cannot have four months going by before a recall. At the very least, all of the complaints have to be compiled and Transport Canada has to be able to tell the population what is going on.

Once again, today, I see that you are trying to protect your corporation, but our job is to protect our citizens against your corporate culture, as it happens.

• (1050)

[English]

Mr. Stephen Beatty: Mr. Chairman, the only issue is that if the members of the committee and the Parliament of Canada would like verified complaints to go to Transport Canada, I think it's legitimately something the committee might want to take up and recommend by way of amendment to the legislation. Our practices are consistent with those across the industry. We have never refused any information to Transport Canada. If they ask us for anything, we give it to them. I have no objection to providing more information that the committee and Parliament would like us to provide.

[Translation]

Mr. Mario Laframboise: Mr. Beatty, you are not recommending that it be mandatory that all complaints be conveyed to Transport Canada.

Once again, we are certainly going to play our role as legislators and the committee will take what you have said to us into consideration. However, I must note that your corporation did not make that recommendation.

[English]

The Chair: Thank you.

Mr. Jean.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair.

Thank you to the witnesses for coming here today.

First of all, this is obviously a very serious issue and it's something we have to take very seriously as legislators. But when was the first worldwide complaint made on sudden unintended acceleration with this kind of pedal technology, the first complaint in the United States, Japan, and elsewhere in the world, in relation to this kind of technology, the sticky gas pedal?

Mr. Stephen Beatty: I want to be clear about that, because it doesn't give rise to sudden unintended acceleration. The first cases that were technologically related to this recall arose in Europe on right-hand-drive vehicles.

Mr. Brian Jean: When was it?

Mr. Stephen Beatty: It was about a year ago.

Mr. Brian Jean: Was it in 2009, at the beginning of the year?

Mr. Stephen Beatty: The timeframe is about right. I'd have to refresh my memory on the specific details.

Mr. Brian Jean: Would you be able to provide that to the chair, please?

Mr. Stephen Beatty: Sure.

Mr. Brian Jean: How many complaints were in relation to this technology at that time?

Mr. Stephen Beatty: Again, I can refresh my memory and provide that information to the—

Mr. Brian Jean: To the clerk, please. That's great.

There was an article put out by CTS on January 29, 2010, from its head office in, I think, Elkhart, Indiana. I'd like to read part of that article, because they comment on the accelerator pedal.

CTS stated that since the problem of sudden unintended acceleration has been reported to have existed in some Lexus vehicles and Toyota vehicles going back to 1999 when CTS did not even make this product for any customer, CTS believes that the rare slow return pedal phenomenon, which may occur in extreme environmental conditions, should absolutely not be linked with any sudden unintended acceleration incidents.

Since that time, is it now indicated that CTS is actually involved in these sticky pedals, or is the sudden unintended acceleration a different issue from the sticky pedal issue?

Mr. Stephen Beatty: As I've been trying to say, sudden unintended acceleration is a different condition from that sticky pedal. A sticky pedal is one that is slow to return to idle. Again going back to 1999, cars of that vintage would have had mechanical throttle assemblies, which were subject to seizing. Again, it's just general technology.

Mr. Brian Jean: Mr. Beatty, I'm sorry, I have a limited amount of time.

I have two things. The first is, why did you wait so long to notify Toyota owners? That is my question. Four months is far too long, especially when you knew about it. I think there's no question that Toyota waited too long to inform them, based upon your network in the United States and elsewhere around the world. Certainly I would like a real answer to that question.

Secondly, in your recommendations themselves, you indicate four particular recommendations, none of which really deals with the issue of the sticky gas pedal. You're trying, in my mind, to cast blame on Transport Canada for the resources, concerning which they indicate clearly that they have enough resources. That's an issue of perception about which you speak of an "additional level of confidence", so that Canadians can have more confidence, more perception of safety.

This is about reality and about people's lives on a daily basis using your products, which aren't safe. I'd like to know why it took so long to notify owners—and the regulator, in this case—that there was an issue of safety, when clearly all of us around this table recognize that there is an issue of safety that has been there for some time on this technology. Why?

• (1055)

Mr. Stephen Beatty: To the contrary, Mr. Chairman, I would say that Toyota moves faster in Canada to deal with recall issues in general than—

Mr. Brian Jean: Four months is not—

Mr. Stephen Beatty: —than other members of the industry, and you might want to expand your investigation to look at the recall history and practices of other companies so that you can benchmark our performance.

But as I said before, from the standpoint of not only the triggering of the investigation but the subsequent repair and remedy of vehicles, we have moved very rapidly. If the issue specific to this relates to saying that even at the very early stages, before we understand whether we have a problem, there should be a dialogue with Transport Canada, as I've already said to Monsieur Laframboise, we're happy to entertain some improvement in the way such communication takes place.

The Chair: Thank you.

Mr. Volpe, you have two minutes.

Hon. Joseph Volpe: Mr. Chair, we've just been given a bit of a demonstration of somebody passing the buck. I'm absolutely flabbergasted by the responses given by Mr. Beatty and by the questions addressed by the government side. So the government has now decided that Toyota is actually the problem.

In fact, when I read the recall letter, which is not a recall letter, because it doesn't have the word "recall"—it's called the "voluntary safety improvement campaign"—it talks about "when the improvement becomes available", and by the way, it's not available yet, and it says we don't know what's wrong with the vehicles, but when we find out we'll call you. That's the letter.

Mr. Beatty says: the government never asked us for any information, so we're not obliged to give it. And the government says: you guys are at fault; you should have given us information, because we needed it in order to provide safety and security.

My head is now spinning, because I'm looking at this recall letter, and it says the problem with the sticky pedal is not due to a vehicle defect. Yet I asked Mr. Inaba and Mr. Tomihara, and in fact all of them, is there is a corporate definition for safety-related defects? Clearly there must be, but they haven't given me an answer. And the government hasn't asked for an answer. It hasn't asked for information, Toyota hasn't felt obliged to give information, and here we are today still talking about vehicles that the government side says are unsafe to be on the road. But they're not the engineers. Mr. Beatty's not an engineer.

Mr. Chair, what's clear from this is that Toyota would like us to amend the Motor Vehicle Safety Act to prescribe that the government ask for specific information on a worldwide basis, because all those class action suits are taking place on vehicles that Mr. Inaba and Mr. Beatty and others have said are actually engineered in Japan. They've said that they are centrally engineered and designed, and that there is very marginal difference between the vehicle that's designed and engineered centrally and the one that's put on the roads in Canada.

So all the facts point to somebody trying to shift the blame. I think the government hasn't taken its full responsibility for what Toyota is doing in Canada.

The Chair: Thank you.

We'll hear Mr. Beatty very briefly, please.

Mr. Stephen Beatty: The vehicle safety improvement campaign refers to floor mats. You'll excuse me if I stand up to show you the U.S. floor mat. It is supplied by Toyota Motor Sales U.S.A., and it was the subject of the U.S. recall campaign.

And here is the Canadian mat. It is of a different material, with different construction, a different cutaway from the pedal, and it does not give rise to the same issues.

Going back to the issue of what it was that Transport Canada was congratulating Toyota for here in Canada, it was that we agreed to be

governed by the provisions of the Motor Vehicle Safety Act in carrying out additional measures here in Canada, even though there was no defect in the vehicle. The issue related to the entrapment of pedals with that U.S. mat.

Hon. Joseph Volpe: Having defined the word "defect", of course everybody can compliment you.

The Chair: Let me say before we close, as the time is running out, that there used to be a perception that Canadians couldn't sell vehicles into the U.S. or vice versa, and usually the blocking position was safety-related. Are we at a point in history now where the safety regulations for Canada are the same as those in the United States or vice versa? Or are we still selling into each other's markets vehicles that don't meet all the standards?

• (1100)

Mr. Stephen Beatty: There are still incompatible standards. For example, I could not necessarily sell in Canada a vehicle that was built for the United States, in some cases because of immobilizer standards and so forth. But in general, Transport Canada is aligning with U.S. standards, and that will make it easier to move vehicles back and forth.

The Chair: Are consumers being told that, if they're buying a product in the United States?

Mr. Stephen Beatty: I don't know. Typically consumers are being asked to report to the registrar of imported vehicles in order to get that information.

The Chair: With that, I will thank you for coming today. We appreciate your time. We look forward to further comments and discussion on this issue.

Mr. Volpe, do you have a point of order.

Hon. Joseph Volpe: Mr. Chairman, we don't want to forget that we have a motion before the committee, which we're going to have to deal with next time.

The Chair: The meeting is adjourned.

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